

Audit Committee

Tuesday, 28 June 2016

Additional Information

AGENDA ITEM NO. 8

DRAFT STATEMENT OF ACCOUNTS – APPENDIX 1 TO REPORT

Contact: Steve Jones (01793 463602),
email: stevejones@swindon.gov.uk

This page is intentionally left blank

Draft 2015/16

Swindon Borough Council & Group Statement of Accounts

Contents

CONTENTS.....	1
INTRODUCTION BY THE BOARD DIRECTOR – RESOURCES	4
NARRATIVE REPORT.....	5
UPDATES TO THE ACCOUNTS REQUIRED UNDER CHANGES TO ACCOUNTING PRACTICE.....	5
THE STATEMENTS	5
FINANCIAL OVERVIEW	5
USE OF RESOURCES.....	10
AUDIT REPORT.....	10
FURTHER INFORMATION.....	10
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	11
MAIN STATEMENTS	12
INTERNAL SERVICE REPORTING	12
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)	14
MOVEMENT IN RESERVES STATEMENT (MIRS)	15
BALANCE SHEET	17
CASH FLOW STATEMENT	18
NOTES TO THE ACCOUNTS	19
1. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN APPLIED ...	19
2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES	19
3. THE IMPACT OF PRIOR PERIOD ADJUSTMENTS	20
4. ASSUMPTIONS MADE ABOUT THE FUTURE & OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY.....	20
5. MATERIAL ITEMS OF INCOME AND EXPENSE.....	21
6. EVENTS AFTER THE BALANCE SHEET DATE	22
7. OTHER OPERATING EXPENDITURE	22
8. FINANCING AND INVESTMENT INCOME AND EXPENDITURE	23
9. DEDICATED SCHOOLS GRANT	23
10. GRANT INCOME.....	23
11. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS	25
12. PROPERTY, PLANT AND EQUIPMENT	29
13. HERITAGE ASSETS	33
14. INVESTMENT PROPERTIES	33
15. CAPITAL COMMITMENT	33
16. CAPITAL EXPENDITURE AND CAPITAL FINANCING.....	34

17.	LONG-TERM DEBTORS	34
18.	SHORT-TERM DEBTORS	35
19.	SHORT-TERM CREDITORS	35
20.	PROVISIONS.....	35
21.	TRANSFERS TO/FROM EARMARKED RESERVES.....	36
22.	REVALUATION RESERVE	36
23.	CAPITAL ADJUSTMENT ACCOUNT	37
24.	COLLECTION FUND ADJUSTMENT ACCOUNT	38
25.	PENSIONS RESERVE.....	39
26.	BALANCES OF OTHER UNUSABLE RESERVES	39
27.	CASH FLOW STATEMENT – OPERATING ACTIVITIES	39
28.	CASH FLOW STATEMENT – INVESTING ACTIVITIES.....	40
29.	CASH FLOW STATEMENT – FINANCING ACTIVITIES	40
30.	AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS	41
31.	MEMBERS’ ALLOWANCES	43
32.	OFFICERS’ REMUNERATION	43
33.	EXIT PACKAGES	44
34.	EXTERNAL AUDIT COSTS	44
35.	CONTINGENT LIABILITY.....	44
36.	POOLED BUDGETS – BETTER CARE FUND	45
37.	RELATED PARTIES.....	45
38.	LEASES.....	46
39.	PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS	48
40.	PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES.....	49
41.	DEFINED BENEFIT PENSION SCHEMES.....	50
42.	FINANCIAL INSTRUMENTS	53
43.	NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS	56
	SUPPLEMENTARY STATEMENTS	58
	THE COLLECTION FUND	58
	NOTES TO THE COLLECTION FUND.....	59
44.	RATEABLE VALUE	59
45.	COUNCIL TAX BASE.....	59
	THE HOUSING REVENUE ACCOUNT (HRA)	60
	STATEMENT OF MOVEMENT IN THE HOUSING REVENUE ACCOUNT	60
	NOTES TO THE HRA.....	61

46.	HOUSING STOCK	61
47.	VACANT POSSESSION VALUATION	62
48.	MAJOR REPAIRS RESERVE	62
49.	HRA CAPITAL EXPENDITURE	62
50.	HOUSING REPAIRS ACCOUNT.....	63
51.	HRA CAPITAL RECEIPTS.....	63
52.	HRA COST OF CAPITAL CHARGE.....	63
53.	HRA ARREARS & PROVISIONS FOR BAD DEBT.....	64
ACCOUNTING POLICIES.....		65
INFORMATION RELATING TO GROUP ACCOUNTS.....		82
54.	LONG TERM INVESTMENTS	82
GROUP ACCOUNTS.....		84
55.	THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT.....	84
56.	THE GROUP MOVEMENT IN RESERVES STATEMENT.....	85
57.	THE GROUP STATEMENT OF FINANCIAL POSITION	86
58.	THE GROUP CASH FLOW STATEMENT	86
59.	GROUP OTHER OPERATING EXPENDITURE	87
60.	GROUP FINANCING AND INVESTMENT INCOME AND EXPENDITURE	87
61.	GROUP PENSION ASSET / LIABILITY	88
62.	GROUP PROPERTY, PLANT & EQUIPMENT	89
63.	GROUP CASH & CASH EQUIVALENTS.....	91
64.	GROUP SHORT TERM CREDITORS	91
65.	GROUP LONG TERM BORROWING	91
66.	GROUP CASHFLOW INVESTING ACTIVITIES	91
ANNUAL GOVERNANCE STATEMENT 2015/16		92
INDEPENDENT AUDITORS REPORT.....		92

Introduction by the Board Director – Resources

The financial year 2015/16 continued to be challenging for the Council. As with all local authorities, Swindon needed to take some difficult decisions to balance the annual budget whilst looking to update the service foundations upon which the Authority is structured for the future. The outturn budget was balanced by the end of the year with social care costs and funding continuing to face significant service pressure.

Work is being progressed through major change programmes that will help position the Council in a better place to respond to the challenges ahead. As a key part of our future strategy we are seeking to engage all residents in a very different way, to co-create services that meet their needs, recognising the funding constraints that exist across the public sector generally. This is a key strand of the 'Stronger Together' strategy that has been adopted by the Council.

Although the funding position will inevitably be tighter in the years ahead, the Council will continue to work to better the life chances of all its residents, albeit in different ways than it has been able to in the past. A key part of this will include actively promoting Swindon's economic growth to the benefit of local people and businesses, which will in turn help reduce reliance on local public services.

Stuart McKellar

Board Director - Resources

June 2016

Narrative Report

These accounts relate to the financial year ended 31 March 2016 and have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain (The Code). The Code is to be adopted by Local Authorities when publishing their accounts. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible property, plant and equipment (PPE) assets. Any diversion from the Code is stated where applicable.

Updates to the Accounts Required Under Changes to Accounting Practice

There have been no changes to the accounts from changes to accounting practice, or any restatements for changes to accounting policy.

The Statements

The financial statements follow recommended practice and are split between core statements of the authority and their notes, and supplementary statements.

Financial Overview

Swindon Borough Council is a Unitary Council that, alongside its other core functions, also provides Council housing. It is required to account for its expenditure in three distinct categories:

- General Fund (GF) Revenue Account

This includes day-to-day expenditure on all services except those directly relating to council housing. Expenditure is financed mainly from government grant, (Formulae Grant, Dedicated Schools Grant (DSG)), other specific grants, fees & charges and Council Tax.

- Housing Revenue Account (HRA)

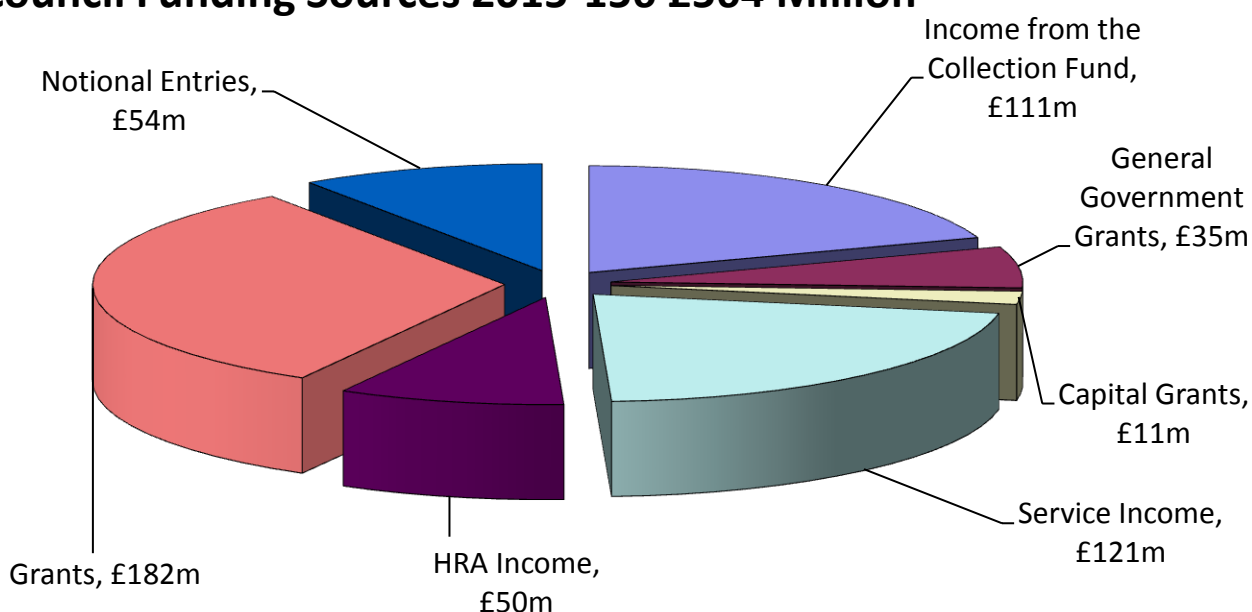
Included within this account is all expenditure on the day-to-day management of the Council's housing stock. Expenditure is principally funded from council house rents. HRA income cannot be used to fund GF services beyond the extent that it buys support from those services.

- Capital

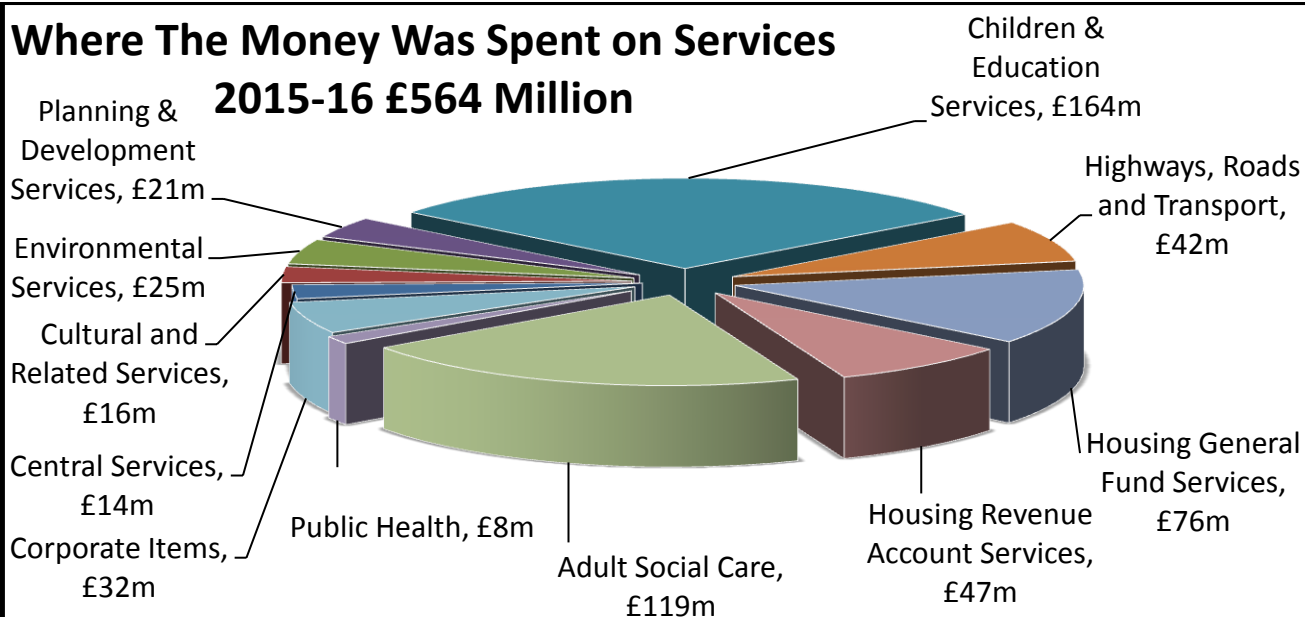
All improvements and enhancements to the Council's long-term assets are included in this category. This expenditure is funded from the sale of capital assets, borrowing, Government grant support or contributions from developers. Capital funding cannot be used for revenue activities unless a capitalisation directive is authorised by the Secretary of State.

The following charts analyse the main income flows to the Council in 2015/16, and the gross expenditure on services. Income includes grants funding revenue expenditure, HRA income, service fees and charges, net corporate notional income streams and the transfer of capital grants.

Council Funding Sources 2015-16 £564 Million



Where The Money Was Spent on Services 2015-16 £564 Million



Financial Overview – The General Fund (GF)

The net GF budget for the year was set at £136.7m. This excludes funding for schools, which is provided via the Dedicated Schools Grant (DSG).

The overall budget was delivered but there remain variations within individual Service Areas.

The following table provides more detail on the outturn position for each of the Council's service areas, reflecting the Council's local management structure. This presentation differs from the nationally prescribed format for the Comprehensive Income and Expenditure Statement (CIES), however, the total expenditure, and hence that amount to be funded from Council Taxpayers, is identical.

	Budget £000's	Actual £000's	Variance £000's
Chief Executive	3,246	2,847	(399)
Resources	19,668	19,390	(278)
Corporate	(14,046)	(15,595)	(1,549)
Commissioning	98,063	100,804	2,741
Service Delivery	29,809	29,092	(717)
Net Cost of General Fund Services (outturn)	136,740	136,538	(202)
<i>Reconciliation to Comprehensive Income & Expenditure Statement</i>			
General Fund variance transferred to earmarked reserves		202	
Parish Precepts		1,980	
Net Corporate Income and Expenditure		29,684	
Net HRA, Capital, Reserves and other Appropriations in Net Cost of Services		43,394	
Sub-total		211,798	
Taxation and Non-Specific Grant Income		(157,821)	
Net (Surplus)/Deficit For Year on Provision of services		53,977	

Financial Overview – The Collection Fund

The Council Tax Collection Fund is credited with Council Tax income and debited with Swindon Borough Council's budgeted call on the fund plus the precepts of the Fire and Police Authorities and Town and Parish Councils. The Fund is used to smooth the difference between the actual and budgeted amount of Council Tax collected each year. Any surplus or deficit on the Fund is reflected in the following year's Council Tax calculations.

A Business Rates Collection Fund account is also held within the overarching Collection Fund. In general terms this operates in the same way as the Council Tax Collection Fund account. The Collection Fund as a whole has a net surplus of £1.8m at 31 March.

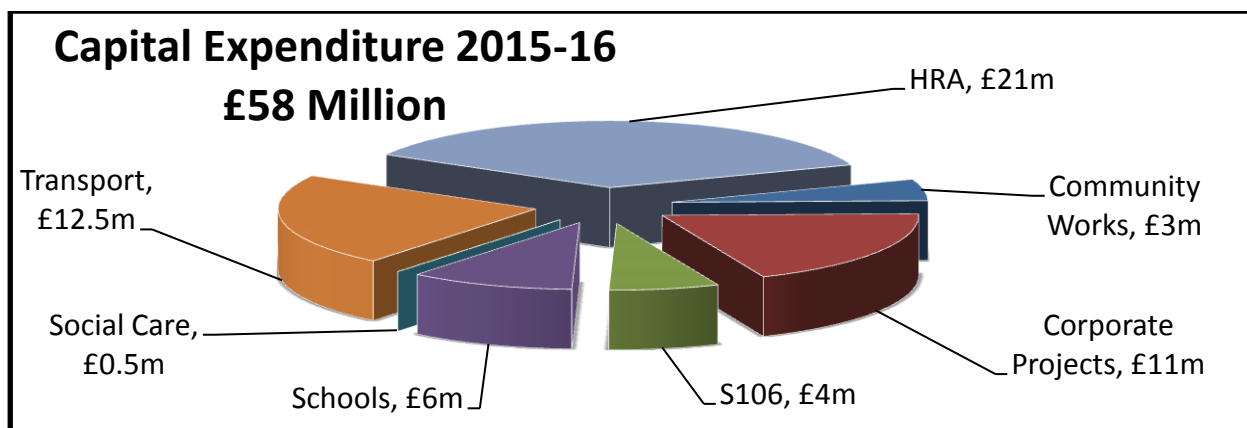
The accounting treatment for the Collection Fund means the Council shows only its own proportion of balances through the accounts on an agency basis. This does not change the Collection Fund itself, which is prescribed under statute, but does remove the overall Collection Fund balance from the Council's Balance Sheet. It is replaced by a Collection Fund Adjustment Account to account for the Authority's movement on the fund, and debtors or creditors for amounts owed to/from major preceptors.

Financial Overview – The Housing Revenue Account (HRA)

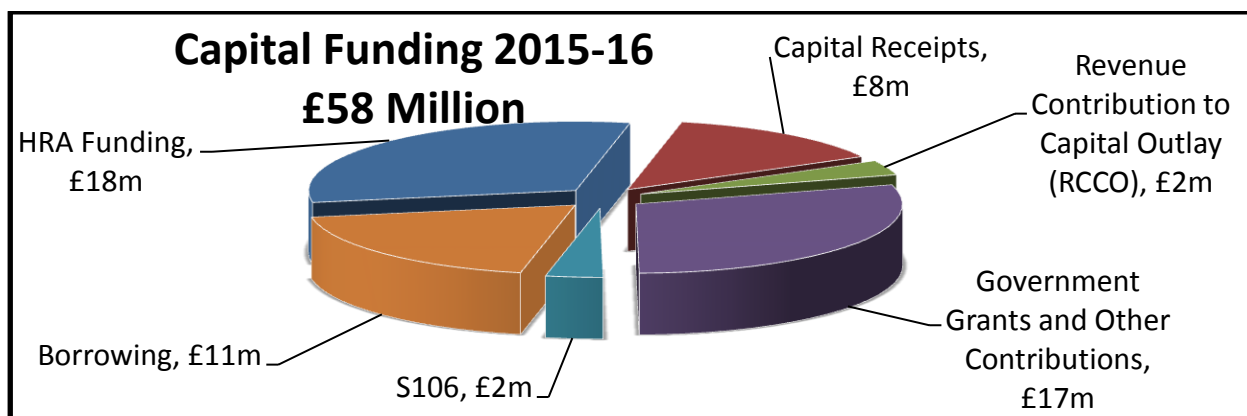
The HRA revenue budget underspent by £2.2m during 2015/16. This was a combination of underspends including £340k in the area of Estate Management, £347k in Specialist Services (mainly service charge costs), £485k on Repairs and Maintenance, and £974k on Capital Financing costs. HRA revenue reserves at year end increased from £10.5m to £12.7m as a result. Capital Reserves have decreased from £23.4m to £21.2m.

Financial Overview – Capital Income & Expenditure

During the year, the Council incurred additional borrowing of £11m towards capital expenditure of £58m. This expenditure is analysed in the following chart into key service areas of the Council.



In-year borrowing contributes to total borrowing of £293m, inclusive of HRA debt, with a related capital finance requirement of £459m. This should be seen in the context of a non-current asset base of £1,069m.



Financial Overview – Other Key Disclosures

Pension Liability

The net pension liability as disclosed in the balance sheet, under International Accounting Standard 19 (IAS19) requirements, has decreased by £23m. The liability is reported as £306m (£329m for 2014/15). This decrease reflects the positive change around the financial assumptions.

As part of an arrangement for the group pension liability in 2011, the Authority has a financial asset adjusted for on the Authority balance sheet, with a corresponding financial liability on that of the group company.

IT Service Transfer

February 2016 saw the re-integration of the IT service back in to the Council's support functions and direct Authority management. Previously this service had been operated under contract from Capita.

Major Asset Transfers

The Council continues to see transfer of schools into Academy status. Once transferred to Academy status the underlying assets are not classed as Council property but disposed of under long-term finance leasing at nil value. There was one such transfer in 2015/16.

Business Combinations

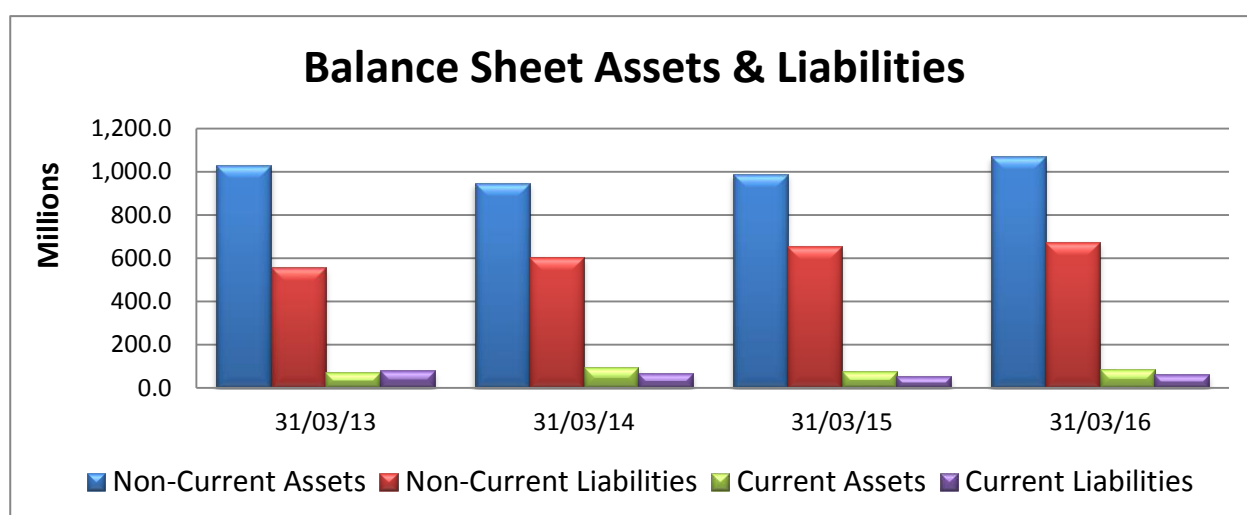
The Authority is involved with two local developments which, although not impacting the 2015/16 accounts, will affect the Borough over future years. The main development is the planned joint venture for the Wichelstowe southern development area. This will see the creation of a joint venture company with a housing developer; the Authority contributing land and the developer funding the infrastructure and building the housing, which will then go for sale with split proceeds. This is expected to be combined as a joint venture in future accounts. The other development is the creation of a Community Infrastructure Company for a solar farm. The Authority will own the company but it is not expected to be material for future group accounts inclusions.

Financial Overview – Financial Outlook

At this point, the Council's balance sheet continues to be strong, with a relatively healthy level of reserves. These arose as a result of the Council accelerating its savings programme in prior financial years, from not fully utilising contingencies for in-year service provision, and having agreed underspends set aside for future use. General Fund reserves have fallen during 2015/16 and are expected to fall more quickly in future as the Council seeks to fund service transformation, guided by three key themes:

- Building resilience;
- Growing the economy and new income streams;
- Going local.

The non-current assets have increased due to a combination of the disposal of fewer material assets, noticeably schools to Academy status in recent years, and from the upward revaluation of other assets. The liabilities of the Council generally remain constant, with the pension liability being a specific and significant variable. The chart below shows the year-by-year values of main balance sheet categories.



Cabinet and Council annually approve a one-year capital programme and signal priority schemes for future years. With continued cuts to Local Government funding, it is anticipated that new approvals will be kept to a minimum depending on confirmation of funding source, with school place planning pressures accounting for a significant element of any future capital programme.

Use of Resources

The Authority is committed to obtaining the best value from all its resources, whether financial, physical or human. Staff provide a varied range of services through a changing funding environment and continue to contribute to the Authority balancing its annual budget, and achieving an annual underspend in each of the last ten years.

The Authority's key corporate priorities reflect:

Priority 1 - Improve infrastructure and housing to support a growing, low-carbon economy

Priority 2 - Offer education opportunities that lead to the right skills and right jobs in the right places

Priority 3 - Ensure clean and safe streets and improve our public spaces and local culture

Priority 4 - Help people to help themselves while always protecting our most vulnerable children and adults

In combination with the Council's expenditure and funding pressures, the area of Priority 4 helps guide the service delivery of Children and Adult Social Care. The below performance indicators reflect the key developments being made in these areas, together with wider corporate measures, highlighting that further progress remains to be made:

Indicator	Target	2015/16 Year end
Increase the percentage of looked after children who are placed inside the Borough boundaries.	93 % by March 2019.	82.55% Current as of Feb 2016
Reduce delayed hospital discharges attributable to Adult Social Care	3.9 cases per 100,000 by March 2017	8.86 cases per 100,000 Current as of Feb 2016
Increase the percentage of care leavers going into employment, education or training	In line with the national average by 2018/19	38% Current as of Feb 2016
Increase the percentage of young people achieving 5 GCSEs at grades A*- C (including English & Maths)	At least the national average by August 2021 (60.4%)	53% Current as of Aug 2015
Increase the employment rate in Swindon	In line with the South West average by 2018/19 whilst remaining above the national average (77.4% Mar 2019)	77.5% Current as of Dec 2015
Maintain the percentage of business rates collected	At least 98.4%	98.6% Current as of Mar 2016

Audit Report

The draft accounts have to be approved by the 30 June by the Board Director - Resources, the Council's designated Section 151 Officer. They will be independently audited and published in their audited form by 30 September. The Council's auditors are Grant Thornton.

Further Information

If readers would like to know more about the accounts of the Council, please write to Stuart McKellar, Board Director - Resources, Civic Offices, Swindon SN1 2JH, or email smckellar@swindon.gov.uk

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (Section 151 of the Local Government Act 1972). During the financial year 2015/16, the designated officer was the Board Director: Resources.

To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Officer's Responsibilities

The Board Director: Resources had the responsibility to ensure that these final accounts were prepared in accordance with best practice. The Code of Practice on Local Authority Accounting in Great Britain ("the Code") requires the Statement to give a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2016.

In preparing this Statement of Accounts, the Board Director:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code.

The Board Director also:

- Kept proper accounting records which were up to date;
- Took reasonable steps for the prevention and detection of fraud and other irregularities.

Approval of the Accounts

I certify that the above responsibilities have been accounted for in the production of these statements and that they give a true and fair view of the financial position of the authority at 31 March 2016.

Signed:

Date: June 2016

Stuart McKellar, Board Director: Resources

Approval of the Final Accounts

The Council's Audit Committee, being the relevant body within the Authority for such purpose, approved the final accounts on the date below. The dates of approval are also taken as the dates that the accounts were authorised for issue.

Signed:

Date:

Chair of Audit Committee

Main Statements

Internal Service Reporting

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement (CIES) is that specified by the Service Reporting Code of Practice (SERCOP). However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across internal Directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve are charged to services in the CIES).
- The cost of retirement benefits is based on employer pension contributions rather than current service cost.
- Expenditure on support services is budgeted for centrally and not charged to Directorates as controllable budget.

The income and expenditure of the Authority's principal Group Directorates recorded in the budget reports for the year is included in the table below, together with the subsequent adjustments needed for accounting transactions to balance to the Net Cost of Services in the Comprehensive Income and Expenditure Statement:

Service Information 2015/16	Chief Executive	Resources	Commissioning	Service Delivery	General Fund	DSG	HRA	Total
For the year ended 31 March 2016	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Government grants*	(66,496)	(32,535)	(10,733)	(2,487)	(112,251)	(105,109)	(41,612)	(258,972)
Fees, charges & other service income	(9,753)	(13,751)	(16,856)	(28,033)	(68,393)	(10,347)	(84)	(78,824)
Total Income	(76,249)	(46,286)	(27,589)	(30,520)	(180,644)	(115,456)	(41,696)	(337,796)
Employee expenses	7,729	18,829	28,026	22,220	76,804	57,142	784	134,730
Other operating expenses	73,158	37,674	98,865	37,367	247,064	56,022	41,349	344,435
Support Service Recharges	(1,791)	(6,220)	1,502	25	(6,484)	2,292	(437)	(4,629)
Total operating expenses	79,096	50,283	128,393	59,612	317,384	115,456	41,696	474,536
Net Cost of Services	2,847	3,997	100,804	29,092	136,740	0	0	136,740

* The analysis of government grants is based upon a system extracted figure of the main grant receiving codes and whilst expected to be materially correct, may not solely be receipts from government.

The 'Net Cost of Services' total in the boxed area above is the service total reported to Cabinet at outturn. The below tables show the accounting adjustments required that take the above outturn figures to the CIES totals.

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement	£'000
Cost of Services in Service Analysis	136,740
Add amounts not reported to management (e.g. capital charges)	75,469
Remove amounts reported to management not included in Net Cost of Services of CIES (e.g. reserves)	(32,075)
Net Cost of Services in Comprehensive Income and Expenditure Statement	180,134

The 'Net Cost of Services' column in the below table relates to the '(Surplus) / Deficit on Continuing Operations' row of the CIES, whilst the final total figure equals the '(Surplus) / Deficit on Provision of Services' total of the CIES.

Reconciliation to Subjective Analysis (Single Entity)	Service Analysis £'000	Not reported to Mgmt £'000	Not included in CIES NCS £'000	Allocation of Recharges £'000	Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	(78,824)	183	25,106	(51,090)	(104,625)	0	(104,625)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0
Interest and investment income	0	0	3,343	0	3,343	(9,798)	(6,455)
Income from council tax	0	0	0	0	0	(111,332)	(111,332)
Government grants and contributions	(258,972)	0	7,094	0	(251,878)	(46,489)	(298,367)
Total Income	(337,796)	183	35,543	(51,090)	(353,160)	(167,619)	(520,779)
Employee expenses	134,729	1,169	0	0	135,898	10,491	146,389
Other service expenses	344,436	0	(51,618)	51,090	343,908	0	343,908
Support Service recharges	(4,629)	0	0	0	(4,629)	0	(4,629)
Depreciation, amortisation and impairment	0	74,117	0	0	74,117	0	74,117
Interest Payments	0	0	(16,000)	0	(16,000)	16,000	0
Precepts & Levies	0	0	0	0	0	1,980	1,980
Payments to Housing Capital Receipts Pool	0	0	0	0	0	1,861	1,861
Gain or Loss on Disposal of PPE	0	0	0	0	0	11,130	11,130
Total operating expenses	474,536	75,286	(67,618)	51,090	533,294	41,462	574,756
Surplus or deficit on the provision of services	136,740	75,469	(32,075)	0	180,134	(126,157)	53,977

Comprehensive Income and Expenditure Statement (CIES)

This statement summarises the income and expenditure on all functions of the Authority and shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost.

Note		2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net Expenditure £000
	Continuing Operations:						
5	Central Services	6844	(3,295)	3,549	2,001	(253)	1,748
	Corporate and Democratic Core	11,721	(4,518)	7,203	12,160	(7,327)	4,833
5	Non Distributed costs	0	(707)	(707)	0	(1,690)	(1,690)
5	Cultural and Related Services	23,685	(4,899)	18,786	16,312	(4,885)	11,427
5	Environmental and Regulatory Services	21,296	(3,945)	17,351	24,992	(4,281)	20,711
5	Planning Services	8,592	(7,818)	774	21,257	(7,866)	13,391
5	Children's and Education Services	165,076	(122,391)	42,685	164,405	(124,582)	39,823
5	Highways and Transport Services	37,184	(11,151)	26,033	42,279	(11,902)	30,377
5	Other Housing Services	77,242	(71,371)	5,871	75,706	(69,737)	5,969
5	Local authority housing (HRA)	45,296	(49,080)	(3,784)	46,725	(49,585)	(2,860)
5	Adult Social Care	69,267	(16,633)	52,634	119,008	(61,601)	57,407
5	Public Health	7,809	(8,797)	(988)	8,449	(9,451)	(1,002)
5	Discontinued Leisure Services	8,910	(3,227)	5,683	0	0	0
	(Surplus) / Deficit on Continuing Operations	482,922	(307,832)	175,090	533,294	(353,160)	180,134
7	Other operating expenditure			12,112			14,971
8	Financing & investment (income)/expenditure			25,068			16,693
10	Taxation and non-specific grant income			(190,126)			(157,821)
	(Surplus) / Deficit on Provision of Services			22,144			53,977
12	(Surplus) / Deficit on revaluation of PPE assets			(61,760)			(84,330)
25	Re-measurements on pension assets / liabilities			54,059			(34,884)
	Other Comprehensive Income and Expenditure			(7,701)			(119,214)
	Total Comprehensive Income and Expenditure			14,443			(65,237)

Movement in Reserves Statement (MiRS)

This statement shows the movements between the CIES revenue account and balance sheet 'usable reserves' (i.e. revenue and capital reserves that can be applied to fund relevant expenditure or reduce local taxation) and other reserves. The (Surplus) / Deficit on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the CIES. The 'General Fund Balance' column shows that after accounting adjustments and reserve transfer the General Fund remained unchanged at £6m.

	General Fund Balance £000	GF Reserves £000	HRA £000	HRA Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Adjustment to b/f									(386)	(386)
1 April 2015	(6,000)	(66,402)	(9,421)	(3,120)	(14,156)	(20,055)	(28,969)	(148,123)	(206,723)	(354,846)
(Surplus) / Deficit on Service provision	50,988	-	2,989	-	-	-	-	53,977	0	53,977
Other (Income) / Exp.	-	-	-	-	-	-	-	0	(119,214)	(119,214)
Total Comprehensive (Income) / Exp.	50,988	-	2,989	-	-	-	-	53,977	(119,214)	(65,237)
Adjusts between accounting & funding basis (note 11)	(45,110)	-	(3,078)	-	(25)	1,176	7,653	(39,384)	39,384	0
Net (Increase)/Decrease before Reserves	5,878	-	(89)	-	(25)	1,176	7,653	14,593	(79,830)	(65,237)
Transfers to / (from) Earmarked Reserves	(5,878)	5,878	(1,788)	1,788	-	-	-	0	0	0
(Increase)/Decrease in-year	0	5,878	(1,877)	1,788	(25)	1,176	7,653	14,593	(79,830)	(65,237)
31 March 2016	(6,000)	(60,524)	(11,298)	(1,332)	(14,181)	(18,879)	(21,316)	(133,530)	(286,553)	(420,083)

Restated	General Fund Balance £000	GF Reserves £000	HRA £000	HRA Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
1 April 2014	(6,000)	(68,197)	(7,156)	(5,689)	(11,114)	(13,623)	(33,776)	(145,555)	(223,348)	(368,903)
(Surplus) / Deficit on Service provision	14,647	-	7,497	-	-	-	-	22,144	0	22,144
Other (Income) / Exp.	-	-	-	-	-	-	-	0	(7,701)	(7,701)
Total Comprehensive (Income) /Exp.	14,647	-	7,497	-	-	-	-	22,144	(7,701)	14,443
Adjusts between accounting & funding basis (note 11)	(16,495)	-	(7,193)	-	101	(6,432)	4,807	(25,212)	25,212	0
Net (Increase)/Decrease before Reserves	(1,848)	-	304	-	101	(6,432)	4,807	(3,068)	17,511	14,443
Transfers to / (from) Earmarked Reserves	1,848	1,795	(2,569)	2,569	(3,143)	-	-	500	(500)	0
(Increase)/Decrease in-year	0	1,795	(2,265)	2,569	(3,042)	(6,432)	4,807	(2,568)	17,011	14,443
31 March 2015	(6,000)	(66,402)	(9,421)	(3,120)	(14,156)	(20,055)	(28,969)	(148,123)	(206,337)	(354,460)

Balance Sheet

This statement shows the balance sheet assets and liabilities of the Council at the 31 March. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories; those that are useable 'cash-backed' reserves and can be used in funding revenue or capital spend, and those that are unusable for funding and represent as yet unrealised gains and losses.

		Restated 31st March 2015 £000	31st March 2016 £000
Note			
12	Property, Plant & Equipment (non-dwellings)	644,987	659,230
12/46	Council dwellings	286,935	325,880
13	Heritage	40,000	40,000
14	Investment property	7,598	14,940
54	Long term investments	1,489	20,784
	Long Term debtors	8,372	8,274
	Total Non-Current Assets	989,381	1,069,108
42	Short term investments	20,911	47,317
	Inventories & Work in Progress	1,124	1,239
18	Short term debtors	26,317	23,761
42	Cash & Cash equivalents	18,939	13,526
	Assets held for sale (current)	6,680	745
	Current Assets	73,971	86,588
42	Short term borrowing	(18,001)	(18,884)
19	Short term creditors	(35,635)	(40,851)
20	Provisions (short term)	(1,435)	(1,544)
	Current Liabilities	(55,071)	(61,279)
42	Long term borrowing	(235,757)	(279,256)
39	Long term creditors	(54,315)	(52,810)
20	Provisions (long term)	(9,177)	(9,693)
41	Pension Asset/Liability	(329,139)	(305,915)
10	Capital Grants receipts in advance	(25,047)	(26,660)
	Non-Current Liabilities	(653,435)	(674,334)
	Net Assets	354,846	420,083
MiRS*	Usable Reserves	(148,123)	(133,530)
22-26	Unusable Reserves	(206,723)	(286,553)
	Total Reserves	(354,846)	(420,083)

*MiRS – Movement in Reserves Statement

The unaudited accounts were issued on June 2016.

Stuart McKellar

Board Director for Resources and S151 Officer

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Investing activities represent the extent to which cash outflows have been made for resources, which are intended to contribute to the authority's future service delivery.

Note		2014/15 £'000	2015/16 £'000
	Net surplus or (deficit) on the provision of services	(22,144)	(53,977)
	Adjustments to net surplus or deficit on the provision of services for non-cash movements	102,997	110,528
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(43,456)	(20,563)
27	Net cash flows from Operating Activities	37,397	35,988
28	Investing Activities	(24,068)	(77,941)
29	Financing Activities	(16,055)	36,540
	Net increase or (decrease) in cash and cash equivalents	(2,726)	(5,413)
	Cash and cash equivalents at the beginning of the reporting period	21,665	18,939
	Cash and cash equivalents at the end of the reporting period	18,939	13,526

NOTES TO THE ACCOUNTS

1. Accounting Standards That Have Been Issued but Have Not Yet Been Applied

There are changes to IFRSs that are adopted by the 2016/17 Code that will be adopted within these financial statements after 1st April 2016. The CIPFA Code of Practice on Transport Infrastructure Assets, as amended in 2013, will be required to be followed for valuing Highways Network Assets i.e. measurement on a Depreciated Replacement Cost (DRC), rather than historic cost, basis. The change will not be implemented retrospectively and the full impact on the accounts is not yet known, but is anticipated to add several billion to long term assets. IAS 1 Presentation of Financial Statements will result in changes to the presentational format of the accounts in 2016/17.

2. Critical Judgements in Applying Accounting Policies

Despite the publication of a four year funding settlement for local government in December 2015, there remains a degree of uncertainty about future levels of funding for individual local authorities. The Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision. The Authority continues to review service provision and whether all services currently provided should continue to be provided.

The Authority is deemed to control the services provided under the agreement for school provision in seven PFI schools and also to control the residual value of the buildings at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the schools are recognised as Property, Plant and Equipment on the Authority's Balance Sheet. However, with on-going transfers of schools to Academy status, the authority is left with no relevant asset, but still holds the long-term liability. Schools are charged each year for their own contribution to the PFI costs, both before and after Academy transfer where relevant. As the schools continue to contribute their share of funding, there is no indicator that this change results in an onerous contract.

In its role as a local education authority the Council oversees a range of Voluntary Aided (three schools) and Voluntary Controlled (two schools) schools. The different form of school affects the make-up of their governing body, the admissions policy, funding arrangements and the legal ownership of assets. The conclusion of a national review on such schools' assets was the expectation that these assets would not be part of Local Authority balance sheets. From consideration of the information available it has been concluded that the limited involvement of the Authority in the schools' operations, and its lack of ownership of the school assets also results in the local position being the same, and as such assets of such schools remain off balance sheet.

Academy schools within the borough operate under a long term lease of their assets and are funded independently of the Council. The Council has therefore continued to remove the value of Academy school assets from its carrying-value of property, plant and equipment. These schools have transferred out of local authority control and the assets that form part of the academy transfer are no longer accounted for as having ownership value, effectively a nil-value finance lease.

The Council is required to partake in the Carbon Reduction Commitment Scheme programme. This involves the purchase of annual allowances to pay for carbon usage. Allowances carried forward

from one year to the next are deemed to be intangible assets; however the Authority's balance of allowances is not material and has not been classified.

The annual revaluations programme for long-term assets ensures that the highest value assets are considered for change in valuation at a greater frequency than less material items. This position means that valuation changes to significant assets, which are more likely to have a material impact on the balance sheet, are captured at an earlier point. This may mean that some assets are revalued no more frequently than the maximum five-yearly period allowed, however, any change to their value would have less impact than to major assets. In constructing their valuations the Authority's in-house valuers base decisions on the latest information available at the time of calculation, however, there is an accepted tolerance to valuation changes at the balance sheet date for material correctness.

The Authority transferred the operating of its leisure services to third party providers in 2014/15. Review of the status of the long-term assets connected with the transfer concluded that they should remain on the Local Authority balance sheet as operational assets. This is in line with requirements of the Code, where assets are leased for the provision of services.

The classification of investment assets under the Code is strict, relating only to items that are held solely for income generation or capital appreciation. For the Council, General Fund assets that have brought in income are not held solely for this purpose, but also for regeneration, community benefit, and employment benefits, amongst others. These assets are shown as mainly being reclassified to operational assets.

As part of the accounting for the Collection Fund the Authority is required to assess a relevant provision for successful business rate appeals. This provision is based upon known factors, such as the number of appeals made and estimates of what proportion of appeals could be successful. No provision has been made for appeals not yet lodged, and these remain as contingent liabilities.

The calculation for assets and liabilities valued at fair value is based upon data provided to third party specialists, but which give reference to the relevant redemption or new loan rate for PWLB borrowing.

The overriding concept of materiality has been applied in the production of these accounts. This involves both the judgement of materiality in the application of transactions for accruals, and in the presentation of disclosures that relate to the accounting statements. Statutory notes are not affected.

3. The Impact of Prior Period Adjustments

There have been no prior period adjustments to these accounts for changes in accounting policy, but figures have been adjusted to correct balances and restate group balances.

4. Assumptions Made About the Future & Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Assets are valued based on valuation estimates and assumptions at a point in time but market conditions can fluctuate.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. Assets may be under or over-valued but should be within valuation tolerances acceptable to valuers.
Provisions	The Authority makes a provision to provide for self-insurance. This is calculated to cover the Council's costs should successful significant claims be made against the Authority. On past experience the value of claims paid requires less annual contribution to the provision. The level of provision which is classified as short-term (75%) is based upon the experience of claims of the insurance service.	An increase in the forthcoming year in the number of claims processed could see a need to increase the provision beyond that budgeted, which would impact on the general fund balance. The overall provision should provide the necessary cover for claims and there should be no impact to the general fund.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements, advised by actuaries, relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	Changes to the pension liability can be complex with a variety of items that may cause impact on the balance sheet or revenue statement with either a positive or negative change.
Private Finance Initiative (PFI)	The PFI scheme balances are based upon a series of modelled cash-flows. Variation to cash-flows and changes to the forecast percentage changes can have a material effect on the liability due to the length of time the scheme is in place for.	The balance sheet value of liabilities would be under or over-stated.

5. Material Items of Income and Expense

A number of material items are included within the Comprehensive Income and Expenditure Statement (CIES) surplus or deficit, that relate to the below:

Items	Value	Explanation
2015/16		
		There are considered to be no material items outside of typical service spend or capital recharges in 2015/16.
2014/15		
Revenue expenditure	£12m	Under statute, capital expenditure on assets that are not the

funded from capital under statute (REFCUS)		Authority's is shown through revenue as REFCUS. In 2014/15 this was higher than normal due to completion of the local University Technical College.
--	--	---

Within the net cost of services of the CIES there are variances between years on service expenditure and income. Some of these changes will be due to general higher costs of purchasing external goods and services and changes in the cost of employing Council staff, some of which is offset by changes in income from fees and charges. The following table highlights the main reason for some of the non-routine annual changes to expenditure and income:

CIES Service	Change between years in:		Main areas impacting change year-on-year
	Gross Expenditure £'000	Gross Income £'000	
Central Services	(4,843)	3,042	
Cultural and Related Services	(7,373)	14	Impairment recharges in 14/15 with part reversal in 15/16
Environmental and Regulatory Services	3,696	(336)	Higher recharges for full year service and impairment recharges on depot valuation
Planning Services	12,665	(48)	Higher impairment charges surplus assets
Children's and Education Services	(671)	(2,191)	
Highways and Transport Services	5,095	(751)	Higher impairment charges on car parks
Other Housing Services	(1,536)	1,634	
Local authority housing (HRA)	1,429	(505)	
Adult Social Care	49,741	(44,968)	Pooled budget gross ups to both expenditure and income
Public Health	640	(654)	
Discontinued Leisure Services	(8,910)	3,227	Main leisure services no longer included
	49,933	(41,536)	

6. Events after the Balance Sheet Date

There remain a number of schools expected to transfer to Academy status during the coming financial year, together with implementation of new business combinations.

7. Other Operating Expenditure

Breakdown of items included under Other Operating Expenditure.

	2014/15 £'000	2015/16 £'000
(Gains)/losses on the disposal of non-current assets	9,035	11,130
Parish council precepts	1,897	1,980
Payments to the Government Housing Capital Receipts Pool	1,180	1,861
Total Other Operating Expenditure	12,112	14,971

8. Financing and Investment Income and Expenditure

Breakdown of items included under Financing and Investment Income and Expenditure.

	2014/15 £'000	2015/16 £'000
Interest payable and similar charges	16,116	16,000
Interest receivable and similar income	(1,450)	(1,976)
Investment income	(1,281)	(1,367)
Movement on market value of investment property	6	(7,282)
Investment Asset Disposals	0	0
(Gains)/losses on assets held for sale	0	705
Internal Trading Services	339	122
Net interest on the net defined benefit liability	11,338	10,491
Total Financing and Investment Income and Expenditure	25,068	16,693

9. Dedicated Schools Grant

Schools' funding is provided through the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services provided on an authority-wide basis and for the Individual School Budget, which is divided into a budget share for each school. Over- and under-spends on the two elements are required to be accounted for separately. The Council is able to supplement the School Budget from its own resources if it wishes.

	Central Expenditure 2015/16 £'000	Schools Budgets 2015/16 £'000	Total 2015/16 £'000
Final DSG before Academy Recoupment			157,386
Additional DSG EYR's expected from Jan census			0
Academy figure recouped for			(77,231)
Total DSG after Academy Recoupment for			(77,231)
Brought Forward from prior year			1,098
Carry Forward to next year agreed in advance			(1,098)
Agreed initial budgeted distribution	27,164	52,990	(77,231)
In year adjustments	232	0	232
Final budgeted distribution for year	27,396	52,990	(76,999)
Less actual central expenditure	28,461		
Less actual ISB deployed to schools		52,814	
Plus local authority contribution	0		0
Carry forward to next year	(1,065)	176	209

10. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement. The value of Business Rates received by the authority under taxation and grant income is lower than the Billing Authority share disclosed in the Collection Fund statement due to the application of a government tariff.

	2014/15	2015/16
Credited to Taxation and Non Specific Grant Income	£'000	£'000
Collection Fund Income - Council Tax	(79,666)	(81,187)
Collection Fund Income - Business Rates	(28,758)	(27,308)
Collection Fund Adjustments	(140)	(2,837)
Non-ring-fenced government grants	(42,217)	(35,320)
Capital grants - used in funding	(21,004)	(5,982)
S106 - used in funding	(10,259)	(1,872)
Capital grants and contributions - to CGUA*	(8,082)	(3,315)
	(190,126)	(157,821)

*Capital Grants Unapplied Account

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them which are not reasonably assured to be met and may require the funds to be returned to the giver. The balances at the year-end are as follows:

	2014/15	2015/16
Capital Receipts in Advance	£'000	£'000
Balance at 1 April	(34,039)	(25,047)
New funds received with conditions not met	(32,065)	(13,095)
Funds written out where conditions have been met	39,345	11,482
Funds written out for repayment	1,712	0
Balance at 31 March	(25,047)	(26,660)

The below amounts were credited to Net Cost Services.

	2014/15	2015/16
Funding Body	£'000	£'000
Arts Council - South West	(281)	(344)
Children's Workforce Development Council	0	(188)
Department For Children, Schools & Families (DCSF)	(87,883)	(90,376)
Department for Work & Pensions (DWP)	(68,312)	(65,357)
Department of Communities & Local Government (DCLG)	(7,785)	(10,110)
Department of Health	(15,671)	(12,747)
Department of Transport	(727)	(1,239)
Forestry Commission	(10)	(77)
Home Office	(273)	(327)
Learning Skills Council /Skills Funding Agency	(630)	(508)
NHS	(3,526)	0
South West Regional Development Agency	0	(109)
Young Persons Learning Agency	(522)	(510)
Youth Justice board	(339)	(293)
Sport England	(40)	0
	(185,999)	(182,187)

11.Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2015/16	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation of non-current assets	(23,211)	(16,538)	-	-	-	(39,749)	39,749
Charges for impairment and revaluation losses of non-current assets	(22,269)	(7,334)	-	-	-	(29,603)	29,603
Movement in the market value of investment properties	-	7,282	-	-	-	7,282	(7,282)
Capital grants and contributions applied	7,855	-	-	-	-	7,855	(7,855)
Revenue expenditure funded from capital under statute	(4,765)	-	-	-	-	(4,765)	4,765
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(8,719)	(12,116)	-	-	-	(20,835)	20,835
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	6,262	-	-	-	-	6,262	(6,262)
Voluntary provision for the financing of capital investment	-	5,000	-	-	-	5,000	(5,000)
Capital expenditure charged against the General Fund and HRA balances	116	2,253	-	-	-	2,369	(2,369)
Adjustments primarily involving the Capital Adjustment Account:							
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	3,315	-	-	-	(3,315)	-	-
Application of grants to capital financing transferred to the	-	-	-	-	10,968	10,968	(10,968)

Capital Adjustment Account							
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	6,455	3,250	(9,705)	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	7,830	-	-	7,830	(7,830)
Voluntary set aside of capital receipts							
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(1,861)	-	1,861	-	-	-	-
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):							
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	(11)	-	-	(11)	11
Adjustment primarily involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA	-	16,538	-	(16,538)	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	17,714	-	17,714	(17,714)
Adjustment primarily involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	10	-	-	-	-	10	(10)
Adjustments primarily involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(10,247)	(1,413)	-	-	-	(11,660)	11,660
Adjustments primarily involving the collection Fund Adjustment Account:							

Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	2,654	-	-	-	-	2,654	(2,654)
Adjustments primarily involving the Asset Held for Sale Account:							
Reversal of the Gains or Losses on AHFS	(705)	-	-	-	-	(705)	705
Total Adjustments	(45,110)	(3,078)	(25)	1,176	7,653	(39,384)	39,384

2014/15	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement							
Charges for depreciation of non-current assets	(22,214)	(14,878)	-	-	-	(37,092)	37,092
Charges for impairment and revaluation losses of non-current assets	(15,271)	(6,028)	-	-	-	(21,299)	21,299
Movement in the market value of investment properties	-	(6)	-	-	-	(6)	6
Capital grants and contributions applied	31,263	-	-	-	-	31,263	(31,263)
Revenue expenditure funded from capital under statute	(12,302)	-	-	-	-	(12,302)	12,302
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(5,918)	(7,229)	-	-	-	(13,147)	13,147
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	5,870	-	-	-	-	5,870	(5,870)

Voluntary provision for the financing of capital investment	-	5,000	-	-	-	5,000	(5,000)
Capital expenditure charged against the General Fund and HRA balances	386	1,700	-	-	-	2,086	(2,086)
Adjustments primarily involving the Capital Adjustment Account:							
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	8,082	-	-	-	(8,082)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	12,889	12,889	(12,889)
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,674	2,437	(4,111)	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	2,773	-	-	2,773	(2,773)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	-	-	270	-	-	270	(270)
Adjustments primarily involving the Deferred Capital Receipts Reserve (England and Wales):							
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	(11)	-	-	(11)	11
Adjustment primarily involving the Major Repairs Reserve							
Reversal of Major Repairs Allowance credited to the HRA	-	14,878	-	(14,878)	-	-	-
Use of the Major Repairs Reserve to finance	-	-	-	8,446	-	8,446	(8,446)

new capital expenditure							
Adjustment primarily involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements							
	42	-	-	-	-	42	(42)
Adjustments primarily involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement							
	(7,250)	(3,067)	-	-	-	(10,317)	10,317
Adjustments primarily involving the collection Fund Adjustment Account:							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements							
	323	-	-	-	-	323	(323)
Total Adjustments	(16,495)	(7,193)	101	(6,432)	4,807	(25,212)	25,212

12. Property, Plant and Equipment

The revaluation decreases recognised in the surplus/deficit on provision of services relates to a general fall in prices across the relevant asset categories for General Fund assets. HRA council dwellings are also subject to specific impairment where the value of new build property is affected by social housing valuations. The effective date of revaluations is the 31 March, though valuations are undertaken throughout the financial year and assessment made at year end that valuations remain current at 31 March. In a departure from the Code, analysis of revalued assets is split between carrying value of those items revalued in 2015/16, and all valuations undertaken in prior years.

2015/16	Council Dwellings	Other Land and Buildings	Vehicles, Plant, & Equipment	Infra- structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Heritage Assets	Total PPE	PFI Assets in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation										
Adjustment to b/f balance	(140)	(526)	173	-	205	400	-	-	112	
At 1 April 2015	305,450	463,321	34,027	184,339	14,093	38,669	12,398	40,000	1,092,297	52,188
Additions	17,261	10,080	1,898	14,416	2,090	3	7,420	-	53,168	166
Revaluation + / (-) recognised in the Revaluation Reserve	49,749	15,175	-	-	-	(1,141)	-	-	63,783	-
Revaluation + / (-) recognised in the Surplus/Deficit on the Provision of Services	(7,334)	(17,455)	-	-	-	(11,581)	-	-	(36,370)	-
Derecognition – disposals	(12,637)	(2,532)	-	-	-	(362)	-	-	(15,531)	-
Other movements in cost or valuation	5	-	-	-	-	-	(65)	-	(60)	-
At 31 March 2016	352,494	468,589	35,925	198,755	16,183	25,588	19,753	40,000	1,157,287	52,354
Accumulated Depreciation and Impairment										
Adjustment to b/f balance	-	164	-	-	-	110	-	-	274	
At 1 April 2015	(18,515)	(23,329)	(29,600)	(48,343)	-	(588)	-	-	(120,375)	(2,154)
Depreciation charge	(16,528)	(10,355)	(1,887)	(11,454)	-	(7)	-	-	(40,231)	(1,078)
Depreciation w/b on Revaluation	7,908	12,634	-	-	-	5	-	-	20,547	-
Depreciation written to/from the CIES	-	6,334	-	-	-	358	-	-	6,692	-
Depreciation written to/from the CIES - Reclassifications	-	482	-	-	-	-	-	-	482	-
Derecognition – disposals	521	182	-	-	-	5	-	-	708	-
At 31 March 2016	(26,614)	(14,052)	(31,487)	(59,797)	0	(227)	0	0	(132,177)	(3,232)
Net Book Value										
At 1 April 2015	286,935	439,992	4,427	135,996	14,093	38,081	12,398	40,000	971,922	50,034
At 31 March 2016	325,880	454,537	4,438	138,958	16,183	25,361	19,753	40,000	1,025,110	49,122

2014/15	Council Dwellings	Other Land & Buildings	Vehicles, Plant, & Equipment	Infra-structure Assets	Communi-ty Assets	Surplus Assets	Assets Under Construction	Heritage Assets	Total PPE	PFI Assets in PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation										
At 1 April 2014	281,828	423,291	31,976	171,947	10,895	39,981	3,635	40,000	1,003,553	41,740
Additions	11,265	13,446	1,878	12,392	2,993	-	8,763	-	50,737	2,806
Revaluation + / (-) recognised in the Revaluation Reserve	25,820	7,936	-	-	-	(652)	-	-	33,104	7,641
Revaluation + / (-) recognised in the Surplus/Deficit on the Provision of Services	(6,028)	(20,483)	-	-	-	(1,045)	-	-	(27,556)	-
Derecognition – disposals	(7,295)	(6,168)	-	-	-	(15)	-	-	(13,478)	-
Other movements in cost or valuation	-	45,825	-	-	-	-	-	-	45,825	-
At 31 March 2015	305,590	463,847	33,854	184,339	13,888	38,269	12,398	40,000	1,092,185	52,187
Accumulated Depreciation and Impairment										
At 1 April 2014	(16,227)	(35,824)	(28,037)	(37,688)	0	(593)	0	0	(118,369)	(2,077)
Depreciation charge	(14,868)	(9,899)	(1,563)	(10,655)	-	(107)	-	-	(37,092)	(827)
Depreciation w/b on Revaluation	12,514	15,710	-	-	-	-	-	-	28,224	2,077
Depreciation written to/from the CIES	-	6,257	-	-	-	-	-	-	6,257	-
Derecognition – disposals	66	263	-	-	-	2	-	-	331	-
At 31 March 2015	(18,515)	(23,493)	(29,600)	(48,343)	0	(698)	0	0	(120,649)	(827)
Net Book Value										
At 1 April 2014	265,601	387,467	3,939	134,259	10,895	39,388	3,635	40,000	885,184	39,663
At 31 March 2015	287,075	440,354	4,254	135,996	13,888	37,571	12,398	40,000	971,536	51,360

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	-	-	4,438	138,958	16,183	0	19,753	179,332
Value of assets revalued at fair value in year ending:								
31-Mar-16	325,880	392,374	0	0	0	25361	0	743,615
31-Mar-15	287,075	235,916	0	0	0	316	0	523,307
31-March over prior three years	0	204,438	0	0	0	37,255	0	241,693
Value of category on the balance sheet	325,880	454,539	4,437	138,959	16,184	25,362	19,752	985,113

In 2015/16 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

13. Heritage Assets

The valuation of collections can be broken down into the following sites:

	2014/15 £'000	2015/16 £'000
Steam Railway Heritage Centre	25,000	25,000
Bath Road Museum	11,800	11,800
Lydiard Park House	2,500	2,500
Richard Jefferies Museum	120	120
Agricultural Store Coate	120	120
Whitehall Farm Stores	60	60
Transport Depot Stores	60	60
Civic Regalia	340	340
Total Valuation	40,000	40,000

14. Investment Properties

The following table summarises the movement of the fair value investment properties over the year:

	2014/15 £'000	2015/16 £'000
Balance at start of the year	52,412	7,598
Additions:		
Subsequent expenditure	1,017	-
Disposals	-	-
Net gains/losses from fair value adjustments	(6)	7,282
Transfers:		
to/from Property, Plant and Equipment	(45,825)	60
Other changes	-	-
Balance at end of the year	7,598	14,940

The Council's investment property has been assessed as Level 3 for valuation purposes (unobservable earnings based); with the fair value of investment property measured using the Investment Method of Valuation. The valuers have used a desktop valuation with physical inspections, with valuations taking account of the following factors: existing lease terms and rentals taken from the tenancy schedule and independent research into market evidence including Market rentals and yields. There has been no change in the valuation techniques used during the year for investment properties. In estimating the fair value of the Authority's investment property, the highest and best use of the properties is deemed to be their current use.

15. Capital Commitment

At 31 March 2016, Council has approved a Capital Programme of £138.6m for the construction or enhancement of Property, Plant and Equipment in 2016/17 and future years. Whilst not contractually committed, there is reasonable expectation that the work will be undertaken. External grants and borrowing will primarily fund this programme of works. Further expenditure

depends on borrowing, grants and other contributions, some of which have already been received or promised. Similar commitments at 31 March 2015 were £141.0m.

16.Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR at the 01/04/15 was £459.6m; it has decreased by £0.2m to £459.4m as at 31/03/16.

	2014/15	2015/16
	£'000	£'000
Property, Plant & Equipment	39,097	31,772
HRA Dwellings & AUC	12,657	21,396
Investment Properties	0	0
Total Additions to Balance Sheet	51,754	53,168
Revenue Expenditure Funded from Capital Under Statute	12,302	4,765
Total Expenditure to be Financed	64,056	57,933
HRA Funding	(8,446)	(17,714)
Capital Receipts	(2,773)	(7,830)
Revenue Contribution to Capital Outlay (RCCO)	(2,086)	(2,369)
Government Grants and Other Contributions	(33,893)	(16,951)
S106	(10,259)	(1,872)
Borrowing	(6,599)	(11,197)
Total Financing	(64,056)	(57,933)

17.Long-term Debtors

The balance of long-term debtors consists of the following elements:

	Balance at 31 March	2015	2016
		£'000	£'000
Mortgage Advances		1,391	1,293
Financial Asset against Group Company		6,981	6,981
Total		8,372	8,274

18. Short-term Debtors

The balances of short-term debtors are summarised in the following table:

	Balance at 31 March	2015 £'000	2016 £'000
Central government bodies		13,031	5,933
Other local authorities		59	104
NHS bodies		178	798
Public corporations and trading funds		25	0
Collection Fund		12,223	9,666
Other entities and individuals		11,900	12,412
Payments in Advance		2,404	8,138
Sub-total		39,820	37,051
Provision for bad debts		(13,503)	(13,290)
Net Debtors		26,317	23,761

19.Short-Term Creditors

	Balance at 31 March	2015 £'000	2016 £'000
Central government bodies		(3,120)	(5,524)
Other local authorities		(5,604)	(5,212)
NHS bodies		(175)	(919)
Bonds		(555)	(772)
Other entities and individuals		(18,735)	(26,891)
Receipts in advance		(7,446)	(6,236)
Total		(35,635)	(45,554)

20.Provisions

Insurance

The provision is in respect of employers and public liability claims where incidents have already taken place but the claims have yet to be settled. The provision is based on the total of the individual claim “reserves” estimated by the Council’s loss adjusters. It includes a provision for outstanding Municipal Mutual Insurance (MMI – relating to old Mesothelioma claims) claims that are now becoming certain that payment will be necessary in future.

Capitalised Landfill

This provision represents the sixty year liability for the reclamation of the Shaw landfill site. The cost of the provision represents a capital cost as part of the decommissioning of the asset.

Rates Appeals

This is a new provision that is required under the revised business rate accounting of the collection fund and is based upon estimates of valuations appeals.

Other

The other provisions mainly relate to Housing, where housing review costs are known to be payable every fourth year, or where the Authority is required to underwrite accommodation costs and may need be charged if amounts are not paid.

Expenditure relating to these provisions occurs when the Insurers close claims, when confirmation of NDR balances can be used is received, or as temporary housing needs require. This occurs during the course of any year and is not fixed to specific dates. The provisions are reviewed annually to ensure they cover prudently estimated liabilities.

2015/16	Insurance £'000	Landfill £'000	Rates Appeals £'000	Other £'000	Total £'000
Balance Outstanding at start of year	(2,474)	(3,286)	(3,709)	(1,143)	(10,612)
Additional provisions made	(884)	0	(1,263)	(6)	(2,153)
Amounts used	855	187	0	486	1,528
Balance outstanding at year end	(2,503)	(3,099)	(4,972)	(663)	(11,237)
Relating to short-term	(1,340)	0	0	(203)	(1,543)
Relating to long-term	(1,163)	(3,099)	(4,972)	(460)	(9,694)

21. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure.

	Balance 31/3/14 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/15 £'000	Transfers In £'000	Transfers Out £'000	Balance 31/3/16 £'000
GF Reserves	(61,979)	(14,686)	15,626	(61,039)	(6,247)	11,250	(56,036)
HRA	(5,689)	(291)	2,860	(3,120)	(313)	2,101	(1,332)
Schools	(6,218)	0	855	(5,363)	0	875	(4,488)
Total							
Earmarked Reserves	(73,886)	(14,977)	19,341	(69,522)	(6,560)	14,226	(61,856)

22. Revaluation Reserve

The Revaluation Reserve contains gains made by the Authority arising from increases in the value of its non-current assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2014/15 £'000	2015/16 £'000
Adjustment to b/f balance	0	(91)
Balance at 1 April	(119,042)	(164,300)
Revaluation of assets in asset table note	(33,104)	(63,783)
Revaluation of held for sale assets	(432)	0
Depreciation added back on revaluation	(28,224)	(20,547)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(61,760)	(84,330)
Adjustments against historic cost	15,378	3,514
Accumulated gains on assets sold or scrapped	1,215	7,103
Balance at 31 March	(164,209)	(238,013)

23.Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

The movement in reserves statement provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2014/15 £'000	2015/16 £'000
Adjustment to b/f balance	0	(295)
Balance at 1 April	(369,064)	(370,703)
Reversal of capital related items debited or credited to the CIES:		
Charges for depreciation of noncurrent assets	37,730	40,231
Charges for impairment of noncurrent assets	27,716	36,295
Depreciation written back On Reclassification	(638)	(482)
Depreciation written back on disposals	(261)	(708)
Depreciation written back on general gain/loss	(6,417)	(6,692)
Revenue expenditure funded from capital under statute	12,302	4,765
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	13,408	21,543
Application of the HRA debt	(5,000)	(5,000)
	78,840	89,952
Adjusting amounts written out of the Revaluation Reserve	(16,593)	(10,617)
Use of the Capital Receipts Reserve to finance new capital expenditure	(2,773)	(7,830)
Use of the Major Repairs Reserve to finance new capital expenditure	(8,446)	(17,714)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(31,263)	(7,855)
Application of grants to capital financing from the Capital Grants Unapplied Account	(12,889)	(10,968)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(4,659)	(4,877)
PFI Finance Lease Liability included in CIES MRP	(1,211)	(1,385)
Voluntary provision for financing of capital expenditure	(270)	0
Capital expenditure charged against the General Fund and HRA balances	(2,086)	(2,369)
Movement in the market value of investments	6	(7,282)
	(80,184)	(70,897)
Balance at 31 March	(370,408)	(351,648)

24.Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2014/15	2015/16
	£'000	£'000
Balance at 1 April	1,327	1,003
Amount by which council tax income credited to the CIES is different from council tax income calculated under statute	3	78
Amount by which business rates income credited to the CIES is different from business rates income calculated under statute	(327)	(2,732)
Balance at 31 March	1,003	(1,651)

25.Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

	2014/15	2015/16
	£'000	£'000
Balance at 1 April	264,763	329,139
Remeasurement of the net defined benefit liability	54,059	(34,884)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	10,317	11,660
Balance at 31 March	329,139	305,915

Statutory arrangements, however, require a benefit earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

26.Balances of Other Unusable Reserves

	2014/15	2015/16
	£'000	£'000
Deferred Capital Receipts	(1,261)	(1,250)
Passenger Transport Realisation	(611)	(611)
Asset For Sale Reserve	0	705
Sub Total	(1,872)	(1,156)

27.Cash Flow Statement – Operating Activities

	2014/15	2015/16
	£'000	£'000
The cash flows for operating activities include the following items:		
Interest received	2,753	1,726
Interest paid	(16,301)	13,321
Total	(13,548)	15,047

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:		
Depreciation	37,092	39,749
Impairment and downward valuations	21,299	29,603
Increase/(decrease) in creditors	(1,538)	14,002
(Increase)/decrease in debtors	(10,196)	746
Increase/(decrease) in inventories	96	(115)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	13,147	20,835
Other non-cash items charged to the net surplus or deficit on the provision of services, mainly relating to pension adjustments	43,097	5,708
Total	102,997	110,528
The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:		
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,111)	(9,705)
Any other items for which the cash effects are investing or financing cash flows, mainly relating to capital grants	(39,345)	(10,858)
Net cash flow from Operating Activities	(43,456)	(20,563)

28.Cash Flow Statement – Investing Activities

	2014/15 £'000	2015/16 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(54,675)	(54,121)
Purchase of short-term and long-term investments	(56,804)	(97,287)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,123	9,716
Proceeds from short-term and long-term investments	85,000	50,881
Other payments/ receipts from investing activities	(1,712)	12,870
Net cash flow from Investing Activities	(24,068)	(77,941)

The above tables have been restated to amend for cash equivalent investments that were incorrectly included in investing cashflows.

29.Cash Flow Statement – Financing Activities

	2014/15 £'000	2015/16 £'000
Cash receipts of short- and long-term borrowing	88,360	(70,004)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(1,327)	(1,507)
Repayments of short- and long-term borrowing	(102,301)	109,683
Collection Fund & Other receipts / (payments) for financing activities	(787)	(1,632)
Net cash flow from Financing Activities	(16,055)	36,540

30.Amounts Reported for Resource Allocation Decisions

The following table shows the prior year balances for the reconciliation of internally reported service costs to the CIES. The 2015/16 disclosure can be found as part of the main statements.

Service Information 2014/15	Chief Executive	Resources	Commissioning	Service Delivery	General Fund	DSG	HRA	Total
For the year ended 31 March 2015	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Government grants*	(617)	(106,674)	(11,146)	(1,267)	(119,704)	(100,768)	(3)	(220,475)
Fees, charges & other service income	(7,046)	(16,631)	(17,139)	(26,803)	(67,619)	(10,401)	(54,359)	(132,379)
Total Income	(7,663)	(123,305)	(28,285)	(28,070)	(187,323)	(111,169)	(54,362)	(352,854)
Employee expenses	5,561	12,465	24,037	29,528	71,591	54,976	9,355	135,922
Other operating expenses	3,438	127,653	96,664	42,577	270,332	53,209	41,114	364,655
Support Service Recharges	(598)	(7,413)	1,894	(5,815)	(11,932)	2,984	3,893	(5,055)
Total operating expenses	8,401	132,705	122,595	66,290	329,991	111,169	54,362	495,522
Net Cost of Services	738	9,400	94,310	38,220	142,668	0	0	142,668

* The analysis of government grants is based upon a system extracted figure of the main grant receiving codes and whilst expected to be materially correct, may not solely be receipts from government.

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement	£'000
Cost of Services in Service Analysis	142,668
Add amounts not reported to management (e.g. capital charges)	69,662
Remove amounts reported to management not included in Net Cost of Services of CIES (e.g. reserves)	(37,240)
Net Cost of Services in Comprehensive Income and Expenditure Statement	175,090

Reconciliation to Subjective Analysis (Single Entity)	Service Analysis	Not reported to mgmt	Not included in CIES NCS	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(132,379)	-	22,131	14,082	(96,166)	-	(96,166)
Surplus or deficit on associates and joint ventures	-	-	-	-	0	-	0
Interest and investment income	-	-	2,732	-	2,732	(2,384)	348
Income from council tax	-	-	-	-	0	(108,564)	(108,564)
Government grants and contributions	(220,475)	-	6,077	-	(214,398)	(81,562)	(295,960)
Total Income	(352,854)	0	30,940	14,082	(307,832)	(192,510)	(500,342)
Employee expenses	135,922	(1,021)	-	-	134,901	11,336	146,237
Other service expenses	364,655	-	(52,064)	-	312,591	-	312,591
Support Service recharges	(5,055)	-	-	(14,082)	(19,137)	-	(19,137)
Depreciation, amortisation and impairment	-	70,683	-	-	70,683	-	70,683
Interest Payments	-	-	(16,116)	-	(16,116)	16,116	0
Precepts & Levies	-	-	-	-	0	1,897	1,897
Payments to Housing Capital Receipts Pool	-	-	-	-	0	1,180	1,180
Gain or Loss on Disposal of PPE	-	-	-	-	0	9,035	9,035
Total operating expenses	495,522	69,662	(68,180)	(14,082)	482,922	39,564	522,486
Surplus or deficit on the provision of services	142,668	69,662	(37,240)	0	175,090	(152,946)	22,144

31.Members' Allowances

The Authority paid the following amounts to members of the council during the year.

	2014/15 £'000	2015/16 £'000
Basic Allowances	439	448
Special Responsibility Allowances	182	177
Expenses	6	5
Total	627	630

32.Officers' Remuneration

The below shows payments to senior officers for the year.

Position	Salary & Allowances	Expenses	Remun - Emp. Pension	er Contributions	Total
	£	£	£	£	£
2015/16					
Chief Executive – Gavin Jones***	128,976	364	129,340	22,442	151,782
Chief Executive – John Gilbert***	145,668	558	146,226	25,056	171,282
Board Director Service Delivery	138,000	241	138,241	24,012	162,253
Board Director Resources	125,000	-	125,000	21,750	146,750
Director of Law & Democratic Services*	102,488	395	102,883	19,492	122,375
Head of Localities, Community Involvement & Volunteering	86,190	-	86,190	14,997	101,187
Director of Public Health**	95,817	768	96,585	13,702	110,287
2014/15					
Chief Executive – Gavin Jones	161,003	544	161,547	26,404	187,951
Board Director Commissioning	138,000	866	138,866	22,632	161,498
Board Director Service Delivery	138,000	-	138,000	22,632	160,632
Board Director Resources	117,650	-	117,650	19,295	136,945
Director of Law & Democratic Services*	97,037	331	97,368	17,201	114,569
Head of Localities, Community Involvement & Volunteering	84,923	-	84,923	13,927	98,850
Director of Public Health (Acting)	81,618	672	82,290	11,427	93,717

*Excludes any payments for returning officer duties.

**Includes pay relating to prior years

*** The Board Director for Commissioning was appointed to the role of Chief Executive in February 2016.

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band			Number of Employees	
£		£	2014/15	2015/16
50,000	to	54,999	44	51
55,000	to	59,999	37	27
60,000	to	64,999	23	25
65,000	to	69,999	19	20
70,000	to	74,999	5	9
75,000	to	79,999	2	1
80,000	to	84,999	2	2
85,000	to	89,999	2	2
90,000	to	94,999	2	4
95,000	to	99,999	4	2
120,000	to	124,999	1	-

33.Exit Packages

The Council incurred costs relating to the following number of exit packages. Costs of £725k (£1,066k in 14/15) include redundancy payments and pension costs and relate to redundancies through restructure.

Exit Package Band			Number of Employees	
£		£	2014/15	2015/16
-	to	19,999	21	51
20,000	to	39,999	5	3
40,000	to	179,999	8*	3*

* Under the Code, ranges can be grouped if it could otherwise identify individual staff. For 2014/15 grouped ranges are from £60k to £80k two employees and £95k to £120k six employees.

34.External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims provided by the Authority's external auditors:

	2014/15	2015/16
	£'000	£'000
Statutory Audit of the Accounts	170	130
Audit of Grant Claims	14	24
Other services	24	20
Total Fees Paid	208	174

35.Contingent Liability

The Council has made provision for Business Rates appeals using its best estimates of the actual liability at the year-end. It is not possible to quantify appeals that may not yet have been logged by the Valuation Office so there remains a risk that such appeals may impact on the accounts. A wider confirmation is also awaited where NHS charitable trusts may apply for charitable status.

36. Pooled Budgets – Better Care Fund

The government created the Better Care Fund in 2015 with the aim of developing and improving joint health and social care planning. The Better Care Fund is a pooling of existing Health and Social Care budgets.

The Care Act 2014 amended the NHS Act 2006 to provide the legislative basis for the Better Care Fund. It allows for the NHS Mandate to include specific requirements relating to the establishment and use of an integration fund.

The Council entered into a pooled budget arrangement in 2015, with Swindon Clinical Commissioning Group (CCG), to comply with the requirements of the Better Care Fund. The S75 agreement covers aligned budgets as well as the Better Care Fund and runs for 5 years.

Swindon's Better Care Fund was presented to and approved by Swindon's Health & Wellbeing Board and NHS England. The funding provided by each partner and the risk share is incorporated within the Better Care Fund plan for Swindon. Section 5a lists the risks and how these will be shared between the two partners.

The pooled budget is hosted by the Council on behalf of the two partners to the agreement.

	2015/16 £'000
Funding provided to the pooled budget by:	
Swindon Borough Council	(1,588)
CCG	(11,752)
Total	(13,340)
Expenditure met from the pooled budget:	
Swindon Borough Council	1,678
CCG	11,758
Total	13,436
Net deficit arising on the pooled budget during the year	96
Authority share of the net deficit arising on the pooled budget	90

37. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

The UK government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework, within which the Authority operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are shown elsewhere in the accounts.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid is shown in Note 31. Members have completed an annual declaration of any possible related party situation and transactions with them. There are no significant transactions identified.

Officers

Officers of the Council have also made an annual declaration involving related parties. There are no significant transactions identified, though due to the nature of joint working arrangements, staff of each organisation provided services for both the Authority and the local health service for part of the year.

Controlled Companies

The Council is parent company to Public Power Solutions Limited (PPSL), Thamesdown Transport Limited (TTL) and Forward Swindon Ltd. The net value of transactions with subsidiaries was £3.8m against PPS (£4.2m 14/15) and £1.7m against TTL (£1.8m in 14/15) in 15/16. Further details on these companies are contained within the group section of these accounts.

Entities Controlled or Significantly Influenced by the Authority

The Council makes several grants and contributions to third party organisations each year, which follow individual process before award. This includes the Highworth Recreation Centre which the Council is assisting in the maintaining of local services.

The Council is responsible as Trustee for a range of small charitable funds, totalling £434k over eighteen Funds. Internal interest is applied to the balances held by the Council's Treasury service, whilst the direction of Trust Fund support is agreed by Council.

Members of the Council also sit on boards of other groups or organisations, such as the Group Companies of the Council, the SEQOL social enterprise care provider and the Fire Authority. These are not necessarily material related parties but show the range of bodies that Members are involved with. A listing of outside bodies that Members are represented on can be found on the Committee and Member Information Site pages of the Council website.

38. Leases

Authority as Lessee

Finance Leases

Under reporting standards the Council has finance lease arrangements for its PFI scheme and a small number of vehicles. The value of the PFI school operational assets and accumulated depreciation are shown in Note 12 for Property, Plant & Equipment.

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the assets acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	2014/15	2015/16
	£'000	£'000
Finance Lease Liabilities		
- Current	(1,385)	(1,382)
- Non-current	(54,315)	(52,810)
Finance Cost Payable in Future Years	(149,185)	(139,644)
Minimum lease payments	(204,885)	(193,836)

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	2014/15	2015/16	2014/15	2015/16
	£'000	£'000	£'000	£'000
Not later than one year	10,926	11,068	(1,385)	(1,382)
Later than 1 not later than 5	56,182	56,464	(8,810)	(9,758)
Later than 5	137,777	126,304	(45,505)	(43,052)
	204,885	193,836	(55,700)	(54,192)

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into.

Operating Leases

The Council leases and then sub-lets a range of private sector accommodation for its Housing services.

	2014/15	2015/16
	£'000	£'000
Not later than one year	2,515	2,750
Later than one year not later than five	3,501	4,954
Total	6,016	7,704
The charge to services is:		
Minimum lease payments (total above)	6,016	7,704
Sublease payments receivable	(7,905)	(9,759)
Charge to services	(1,889)	(2,055)

The Council has no other known finance lease arrangements, either as a direct leasing process or from service arrangements.

Authority as Lessor

Finance Leases

The Authority has leased out a range of property across the Borough where it holds assets on commercial estates, farms and office space. Most of these are classified as operating leases, but one lease for a recreational site is a finance lease.

Operating Leases

The Authority leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres

- For economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	2014/15	2015/16
	£'000	£'000
Not later than one year	4,743	4,524
Later than one year and not later than five	8,676	9,253
Later than five years	1,879	2,070
Total Payments Due	15,298	15,847

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

39.Private Finance Initiatives and Similar Contracts

Schools PFI Scheme

In 2004/05 the Council entered into a PFI contract with Equion plc. to provide seven schools in the northern sector of Swindon. The Department for Education & Skills sponsored the project and has issued the Council with a Notional Credit Approval of £62.8m. The Council is committed to making payments estimated at £269.5m under the contract although the actual level of payments will depend on contract performance by the provider. Periodic contract reviews may also increase or decrease payments depending on inflation and utility costs. This payment covers a range of on-going services in the management of the schools, with the expectation that the schools will be available for educational use throughout the school term and day. The contract expires in 2032.

As the Council is deemed to control the services that are provided under its PFI scheme and as ownership of the schools will pass to the council at the end of the contracts, the council carries the PPE used under the contracts on the Balance Sheet. Assets are transferred out if a PFI schools changes to academy status, as per any other school. There are no known implications to the accounting model, or impact of onerous contracts, from agreed transfers.

The original recognition of this PPE was balanced by the recognition of a finance lease liability for amounts due to the scheme operator to pay for the assets. In a departure from the Code, lifecycle costs are recorded through revenue as modelled, rather than carried forward as a payment in advance if renewal works have not been undertaken. This ensures a consistent flow through revenue and limits the impact of significant prepayment balances building up over the duration of the contract.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Income and Expenditure Account
- Finance cost – an interest charge of 13% on the outstanding Balance Sheet liability, debited to Interest Payable and Similar Charges in the Income and Expenditure Account
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Income and Expenditure Account

- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- Lifecycle replacement costs – recognised as PPE on the Balance Sheet.

PFI assets are accounted for on the Council's balance sheet at fair value with a related finance lease liability. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12. The income and expenditure account now has the unitary charge payment split between service costs, lease costs and MRP (minimum revenue provision) payments.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

	2014/15 £'000	2015/16 £'000
Opening Balance	(57,026)	(55,700)
Unitary Charge Paid	11,181	11,227
Expenditure / Financing Cost	(9,855)	(9,719)
Closing Balance	(55,700)	(54,192)

The payments due, as calculated under the finance lease methodology, which relate to service charges, interest and lease liability are shown in the following table.

Balance at 31 March	2015			2016		
	Service Charges	Interest	Liability	Service Charges	Interest	Liability
	£'000	£'000	£'000	£'000	£'000	£'000
Within 1 Year	3,434	6,408	(1,385)	3,680	6,248	(1,382)
Within 2 - 5 Years	14,913	23,973	(6,682)	15,101	23,221	(7,305)
Within 6 - 10 Years	19,976	24,696	(13,420)	20,427	23,148	(14,852)
Within 11 - 15 Years	23,591	15,314	(21,024)	24,439	12,889	(23,021)
Within 16 - 20 Years	11,978	2,552	(13,189)	6,811	1,030	(7,632)
	73,892	72,943	(55,700)	70,458	66,536	(54,192)

40. Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2015/16, the council paid £549k to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.1% of pensionable pay. The figures for 2014/15 were £871k and 14.1%.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis.

Health staff transferred to the Council in 2013/14 and many maintained their membership in the NHS Pension Scheme. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Authority is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

41. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Wiltshire County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there is no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The Council paid an employer's contribution of £10.2m (£9.3m in 2014/15) into Wiltshire County Council's Pension Fund. Wiltshire County Council manages the fund, which provides participants with defined benefits relating to pay and service. This represented 18.4 % of employees' pensionable pay including some lump sum payments. The basic contribution rate to cover the cost of on-going pensions was 18.4 % for General Fund staff, with the additional lump sum payments being paid to reduce the deficit on the Pension Fund.

The Fund's Actuary, based on triennial actuarial valuations, determines the contribution rate. The last review was at 31 March 2016. Future contribution rates are set so that fund assets should be sufficient to meet 100% of the overall liabilities of the fund over time; however, the current position of the pension fund is that it is not fully funded. Though a significant liability, the Council can meet the proportion applicable.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

IAS19 Summary Disclosures Through The CIES	2014/15 £'000	2015/16 £'000
Within Net Cost of Service:		
Current service cost	15,478	20,162
Non-Distributed cost	(707)	(1,690)
Within Net operating Expenditure:		
Interest cost	11,338	10,491
Within Reserves Movement:		
Movement on Pensions Reserve	(10,317)	(11,660)
Actual Amount Charged Against Council tax for the Year:		
Employer's contributions payable to the scheme	(15,792)	(17,303)
Net effect on Council Tax of IAS19 adjustments	0	0

The principal assumptions used by the actuary have been:

Assumptions as at 31 March	2015	2016
Pension Increase Rate (CPI)	2.4%	2.2%
Salary Increase Rate	4.3%	4.2%
Discount Rate	3.2%	3.5%
Change in Assumptions at 31 March	Approximate % Increase to Employer	Approximate Monetary Amount £
0.5% decrease in Real Discount Rate	10%	79,021
1 year increase in member life expectancy	3%	23,651
0.5% increase in the salary increase rate	3%	20,181
0.5% increase in the pension increase rate	7%	57,934

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2016.

There are risks associated with the pension liability around scheme membership, where the life expectancy of members may be longer than estimated, resulting in benefits being payable for a longer period.

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2015			2016		
	Asset	Obligation	Net	Asset	Obligation	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	459,918	(705,034)	(245,116)	522,981	(831,613)	(308,632)
Present Value of Liabilities	-	(19,647)	(19,647)	-	(20,507)	(20,507)
Opening Position 1 April	459,918	(724,681)	(264,763)	522,981	(852,120)	(329,139)
Current Service Cost	-	(15,478)	(15,478)	-	(20,162)	(20,162)
Past Service (Costs) / Gains	-	(155)	(155)	-	(192)	(192)
Effect of Settlements	(2,449)	3,311	862	(5,084)	7,053	1,969
Total Service Cost	(2,449)	(12,322)	(14,771)	(5,084)	(13,301)	(18,385)
Interest Income on plan assets	19,658	-	19,658	16,516	-	16,516
Interest cost on obligation	-	(30,996)	(30,996)	-	(27,007)	(27,007)
Total Net Interest	19,658	(30,996)	(11,338)	16,516	(27,007)	(10,491)
Total Cost Recognised in Profit/(Loss)	17,209	(43,318)	(26,109)	11,432	(40,308)	(28,876)
Plan participant contributions	4,224	(4,224)	0	4,559	(4,559)	0
Employer contributions	14,547	-	14,547	16,061	-	16,061
Contributions for Unfunded Benefits	1,245	-	1,245	1,242	-	1,242
Benefits Paid	(19,903)	19,903	0	(21,426)	21,426	0
Unfunded Benefits Paid	(1,245)	1,245	0	(1,242)	1,242	0
Expected Closing Position	475,995	(751,075)	(275,080)	533,607	(874,319)	(340,712)
Change in demographic assumptions	-	-	0	-	-	0
Change in financial assumptions	-	(107,443)	(107,443)	-	75,107	75,107
Other experience	-	6,398	6,398	-	11,419	11,419
Return on assets excluding interest	46,986	-	46,986	(51,642)	--	(51,642)
Total Re-measurements in Other Income	46,986	(101,045)	(54,059)	(51,642)	86,526	34,884
Effect of business combinations	-	-	0	471	(558)	(87)
Sub-Total	522,981	(852,120)	(329,139)	482,436	(788,351)	(305,915)
Fair Value of Employer Assets	522,981	-	522,981	482,436	-	482,436
Present Value of Funded Liabilities	-	(831,613)	(831,613)	-	(769,786)	(769,786)
Present Value of Unfunded Liabilities	-	(20,507)	(20,507)	-	(18,565)	(18,565)
Closing Position 31 March	522,981	(852,120)	(329,139)	482,436	(788,351)	(305,915)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £788.3m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £305.9m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due)
- Finance is only required to be raised to cover discretionary benefits when pensions are paid

- The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2017 is £15.2m.

Fair Value of Employer Assets

Asset Category	Quoted Prices	Non- Quoted Prices	Total 2015		Quoted Prices	Non- Quoted Prices	Total 2016	
Equity Securities:	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Consumer	12,219	-	12,219	2%	12,976	-	12,976	3%
Manufacturing	8,479	-	8,479	2%	7,610	-	7,610	2%
Financial Institutions	2,242	-	2,242	0%	2,721	-	2,721	1%
Health Care	3,819	37	3,856	1%	3,340	2	3,342	1%
Information Technology	53,917	-	53,917	10%	59,646	-	59,646	12%
Other	3,408	-	3,408	1%	2,002	-	2,002	0%
Debt Securities:								
Corporate Bonds	737	41,665	42,402	8%	-	-	-	0%
Corporate Bonds (non-investment grade)	-	1,379	1,379	0%	-	-	-	0%
UK Government	-	2,033	2,033	0%	-	-	-	0%
Other	10	7,568	7,578	1%	-	-	-	0%
Real estate:								
UK Property	6,728	45,924	52,652	10%	-	59,348	59,348	12%
Overseas Property	-	2,738	2,738	1%	-	1,593	1,593	0%
Investment Funds & Unit Trusts:								
Equities	-	232,188	232,188	45%	-	207,196	207,196	43%
Bonds	-	32,549	32,549	6%	-	78,576	78,576	16%
Hedge Funds	-	10,074	10,074	2%	-	-	-	0%
Commodities	-	-	-	0%	-	4,072	4,072	1%
Infrastructure	-	2,715	2,715	1%	-	38,691	38,691	8%
Other	36,127	4,093	40,220	8%	-	2,893	2,893	1%
Derivatives:								
Foreign Exchange	-	-	-	0%	-	-	-	0%
Other	(136)	-	(136)	0%	-	-	-	0%
Cash / Cash Equivalents	12,462	5	12,467	2%	1,770	-	1,770	0%
Total	140,012	382,968	522,980	100%	90,065	392,371	482,436	100%

Commutation Adjustment

An allowance is included for future retirements to elect to take a percentage of the maximum additional tax-free cash up to HMRC limits. There are different rates for pre- (50%) and post (75%) - April 2008 service.

42. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet, debtors and creditors relate only to trade activities:

Balance at 31 March	Long- term 2015 £'000	2016 £'000	Current 2015 £'000	2016 £'000
Assets:				
Cash	-	-	8,939	9,526
Cash Equivalents Investments	-	-	10,000	4,000
Loans and receivables	-	-	20,888	47,294
Available-for-sale financial assets	-	-	23	23
Financial Asset against Group Company	6,981	-	-	-
Total assets	6,981	0	39,850	60,843
Borrowings:				
Financial liabilities PWLB	(190,757)	(239,256)	(6,501)	0
Financial liabilities LOBO	(30,000)	(30,000)	-	0
Financial liabilities Other Borrowing	(15,000)	(10,000)	(11,500)	(14,181)
Total borrowings	(235,757)	(279,256)	(18,001)	(14,181)
Other Financial Instruments:				
Debtors	-	-	783	8
Creditors	-	-	(9,522)	(13,935)
Other Long Term Liabilities	(159)	-	(42)	(35)
PFI	(54,156)	(52,810)	(1,385)	(1,346)
Total other financial instruments	(54,315)	(52,810)	(10,166)	(15,308)

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to interest and investing financial instruments are made up as follows:

	2014/15 £'000	2015/16 £'000
Financial Liabilities measured at amortised cost	16,116	16,000
Financial Assets:		
Loans and Receivables	(1,450)	(1,976)
Available for Sale	(1,281)	(1,367)
Net (Gain) / Loss	13,385	12,657

Fair Values of Assets and Liabilities

One of the authority's financial assets is measured at fair value on a recurring basis and is described in the following table, including the valuation technique used to measure them.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31/3/15 £'000	As at 31/3/16 £'000
Available for Sale				
Property Fund Investment	Level 2	Observable inputs for the sales value of the asset	0	14,295
Total			0	14,295

Gains and losses included in Other Comprehensive Income and Expenditure for the current year relate to the Property Fund Investment and are taken to the Available for Sale Reserve.

	2015/16 £'000
Opening Balance	0
Transfer In	15,000
Gain/(Loss) to Other Operating Income (reversed to Asset Held for Sale Reserve)	(705)
Closing Balance	14,295

Except for the financial asset carried at fair value described in the table above, all other financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, borrowing from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For non-PWLB loans payable, PWLB prevailing market have been applied to provide the fair value under PWLB debt redemption procedures;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

The fair values calculated are as follows:

Balance at 31 March	2015 Carrying Amount £'000	Fair Value £'000	2016 Carrying Amount £'000	Fair Value £'000
PWLB Long Term Creditors	(190,757)	(212,671)	(239,256)	(265,480)
PWLB Short Term Creditors	(6,501)	(5,041)	0	0
Non-PWLB Long Term Creditors	(45,000)	(52,961)	(40,000)	(48,791)
Non-PWLB Short Term Creditors	(11,500)	(11,508)	(14,181)	(12,766)
PFI Liability	(55,541)	(114,779)	(54,156)	(110,772)
Loans and Receivables	20,888	20,973	47,294	44,223

The fair value of Public Works Loan Board (PWLB) loans of £265.480m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the new borrowing rates available from the PWLB. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining

terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates. However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates.

A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the PWLB redemption interest rates. If a value is calculated on this basis, the carrying amount of £239.256m would be valued at £299.179m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £69.923m for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £299.179m.

The fair values of assets or liabilities shown above are higher or lower than the carrying amount because the Authority's portfolio includes a number of fixed rate loans where the interest rate varies over the prevailing rates at the Balance Sheet date. This shows notional future gains/losses (based on economic conditions at 31 March) arising from a commitment to pay or receive interest at market rates that differ from the current market at the balance sheet date. This includes the PFI liability which has a higher internal rate of return than current market conditions.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

43.Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the council in the annual treasury management strategy. The council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Council uses Sectors Credit worthiness service to inform its investment decisions; this service uses ratings from all three major agencies as well as other data

The Authority's maximum exposure to credit risk at 31 March, in relation to its investments in banks and building societies of £47.3m, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their

commitments. A risk of not being able to recover funds applies to all of the Authority's deposits, but there was no evidence at the 31 March that this was likely to crystallise.

The Authority does not generally allow credit for customers, such that all of the balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows

	2014/15 £'000	2015/16 £'000
Less than three months	3,575	12,874
Three to six months	598	232
Six months to one year	496	495
More than one year	2,509	891
Total	7,178	14,491

Liquidity Risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The authority sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure that not more than 45% of loans are due to mature within any rolling three-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

	2014/15 £'000	2015/16 £'000
Less than one year	18,001	14,181
Between one and two years	5,000	0
Between two and five years	10,000	20,000
More than five years	220,757	259,256
Total	253,758	293,437

All trade and other payables are due to be paid in less than one year.

Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – interest charged to the Surplus / Deficit on the Provision of Services will rise
- Borrowings / Investments at fixed rates – the fair value of the liability/asset will fall
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise

Supplementary Statements

The following statements are not core statements of the authority but do constitute a significant element in understanding the wider services and position the authority holds.

The Collection Fund

Shows the Council Tax and National Non-Domestic rates income collected and paid during the year.

	2014/15			2015/16		
	Business Rates £000	Council Tax £000	Total £000	Business Rates £000	Council Tax £000	Total £000
INCOME						
Council Tax Receivable	-	(95,686)	(95,686)	-	(97,605)	(97,605)
Business Rates Receivable	(107,618)	-	(107,618)	(110,208)	-	(110,208)
	(107,618)	(95,686)	(203,304)	(110,208)	(97,605)	(207,813)
EXPENDITURE						
Apportionment of Previous Year Surplus						
Central Government	-	-	-	-	-	-
Billing Authority	-	1,846	1,846	-	1,662	1,662
Fire Authority	-	98	98	-	90	90
Police Authority	-	242	242	-	228	228
	0	2,186	2,186	0	1,980	1,980
Precepts, Demands and Shares						
Central Government	51,416	-	51,416	50,358	-	50,358
Billing Authority	50,205	77,820	128,025	49,351	79,525	128,876
Fire Authority	1,028	4,215	5,243	1,007	4,390	5,397
Police Authority	-	10,660	10,660	-	11,095	11,095
	102,649	92,695	195,344	100,716	95,010	195,726
Charges to Collection Fund						
Less write offs of uncollectable amounts	429	153	582	1,087	534	1,621
Less : Increase / Decrease (-) in Bad Debt Provision	43	649	692	(2)	168	166
Less : Increase / Decrease (-) in Provision for Appeals	3,751	-	3,751	2,577	-	2,577
Less : Cost of Collection	271	-	271	271	-	271
	4,494	802	5,296	3,933	702	4,635
Surplus (-) / Deficit arising during the year	(475)	(3)	(478)	(5,559)	87	(5,472)
Surplus (-) / deficit brought forward 1st April	5,567	(1,661)	3,906	5,275	(1,663)	3,612
Surplus (-) / deficit carried forward 31st March	5,092	(1,664)	3,428	(284)	(1,576)	(1,860)
Reconciliation to Collection Fund Adjustment Account:						
Less Balance Attributable to Major Preceptors	(2,691)	266	(2,425)	(48)	257	209
Balance Remaining Attributable to Swindon Borough Council	2,401	(1,398)	1,003	(332)	(1,319)	(1,651)

Notes to the Collection Fund

44. Rateable Value

The total rateable value in the Local Rating List at 31 March 2016 was £260,653,211 (£259,780,857 at 31 March 2015). The multiplier for 2015/16 was 49.3 pence for the majority of properties and 48.- pence for small businesses, (48.2 pence and 47.1 pence respectively for 2014/15).

45. Council Tax Base

The Council Tax Base for the year, i.e. the number of chargeable dwellings in each band (adjusted for dwellings where discounts apply in band A) converted to an equivalent number of Band D dwellings, was as shown in the table below.

Band	No of Taxable Properties *	Ratio to Band D	Band D Equivalents
A	12,072.50	6/9	8,044.83
B	23,886.50	7/9	18,578.39
C	21,230.25	8/9	18,871.33
D	14,852.50	9/9	14,852.50
E	7,639.50	11/9	9,337.17
F	2,948.50	13/9	4,258.94
G	1,195.50	15/9	1,992.50
H	53.00	18/9	106.00
Total	Band D equivalents		76,041.66
Contributions in lieu	(MOD properties)		94.10
Add:	Anticipated changes in year		(7,095.00)
Less:	Provision for non-collection (2.0%)		(1,380.76)
	Tax Base		67,660.00

* After adjustment for discounts and relief.

The Housing Revenue Account (HRA)

This statement consolidates the income and expenditure in respect of the provision of local authority housing.

HRA Income and Expenditure Statement	2014/15	2015/16
	£'000	£'000
Expenditure		
Repairs and maintenance	11,641	10,602
Supervision and management	6,720	6,622
Special Services	5,624	5,606
Rents, rates, taxes and other charges	107	124
Depreciation and impairment of non-current assets	20,906	23,872
Debt management costs	60	60
Movement in the allowance for bad debts	238	(161)
Total Expenditure	45,296	46,725
Income		
Dwelling rents	(42,516)	(43,293)
Non-dwelling rents	(151)	(121)
Charges for services and facilities	(5,509)	(5,523)
Contributions towards expenditure	(819)	(561)
Leaseholders' charges for services and facilities	(85)	(88)
Total Income	(49,080)	(49,585)
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	(3,784)	(2,861)
HRA services' share of Corporate and Democratic Core	282	243
HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services	7	8
Net (Income)/Expense for HRA Services	(3,495)	(2,610)
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(Gain) / loss on sale of HRA non-current assets	4,792	8,866
Interest payable and similar charges	4,666	4,498
Interest and investment income	(291)	(226)
Investment Properties Income	(1,281)	(1,367)
Revaluation on investments	6	(7,282)
Net Pensions Interest Cost / Return on Asset	3,100	1,110
(Surplus) / deficit for the year on HRA services	7,497	2,989

Statement of Movement in the Housing Revenue Account

	2014/15	2015/16
	£000	£000
1 April	(7,156)	(9,421)
(Surplus) / Deficit on Service provision	7,497	2,989
Adjustments between accounting & funding basis	(7,193)	(3,078)
Transfers to / (from) Earmarked Reserves	(2,569)	(1,788)
(Increase)/Decrease in-year	(2,265)	(1,877)
31 March	(9,421)	(11,298)

HRA Movement in Reserves Adjustments	2014/15 £'000	2015/16 £'000
Adjustments between accounting & funding basis in reconciling the HRA balance for the year		
Charges for depreciation of non-current assets	(14,878)	(16,538)
Charges for impairment of non-current assets	(6,028)	(7,334)
Movement in the market value of investment properties	(6)	7,282
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(7,229)	(12,116)
Voluntary provision for the financing of capital investment	5,000	5,000
Capital expenditure charged against the General Fund and HRA balances	1,700	2,253
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,437	3,250
Reversal of Major Repairs Allowance credited to the HRA	14,878	16,538
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,067)	(1,413)
Total Adjustments	(7,193)	(3,078)

Notes to the HRA

46.Housing Stock

The stock of Council dwellings at 31st March was:

Type	31st March 15	Movement	31st March 16
Low Rise Flats:			
1 Bedroom	1,727	7	1,734
2 Bedrooms	704	7	711
3 or more Bedrooms	10	0	10
Medium Rise Flats:			
1 Bedroom	873	2	875
2 Bedrooms	494	(17)	477
3 or more Bedrooms	52	(1)	51
High Rise Flats:			
1 Bedroom	26	0	26
2 Bedrooms	234	0	234
Houses and Bungalows:			
1 Bedroom	886	3	889
2 Bedrooms	1,403	(9)	1,394
3 Bedrooms	3,744	(38)	3,704
4 or more Bedrooms	194	(1)	193
Total	10,347	(47)	10,298

The Balance Sheet value of land, houses and other property relating to the Housing Revenue Account as at 31 March is summarised below.

	2014/15 £'000	2015/16 £'000
Assets:		
Dwellings	286,936	325,781
Land	99	99
Plant and Equipment	40	30
Investment properties	7,598	14,940
Total Balance Sheet Value	294,673	340,850

There is a statutory requirement for the Council's assets to be revalued at least every 5 years. The tenanted dwellings were revalued as at 1st April 2015.

47.Vacant Possession Valuation

In addition to the balance sheet valuation it is a requirement of the HRA (Accounting Practices) Direction 2007 that the vacant possession value of dwellings as at 1st April is disclosed as a note to the accounts. The inclusion of both the balance sheet valuation and the vacant possession valuation ensures that the economic cost to the Government of providing council housing at less than open market rents is shown in the accounts. The vacant possession valuation as at 31 March 2016 was £1,137,079,619. It was £985,674,900, at 31st March 2015.

48.Major Repairs Reserve

The Major Repairs Allowance (MRA) was introduced by Government to assist Councils in bringing the stock up to the Decent Homes Standard by 2010. Swindon Borough Council Achieved this in March 2008.

	Balance at 31 March 2015 £'000	2016 £'000
Capital expenditure for HRA purposes financed by MRA Resources:		
Houses	8,446	17,714
Total Expenditure	8,446	17,714
Amount equivalent to total depreciation charges for all HRA assets	(14,878)	(16,538)
Transfer from HRA	0	0
Total Income	(14,878)	(16,538)
Deficit / (Surplus) for the Year	(6,432)	1,176
Deficit / (Surplus) brought forward	(13,623)	(20,055)
Deficit / (Surplus) Carried Forward	(20,055)	(18,879)

49.HRA Capital Expenditure

The capital expenditure on the HRA was:

	2014/15 £'000	2015/16 £'000
Dwellings	9,959	16,812
Buildings	2,698	4,584
Total to Finance	12,657	21,396

This expenditure was financed by:

	2014/15 £'000	2015/16 £'000
Major Repairs Reserve	8,446	17,714
Usable Capital Receipts	1,267	1,374
Revenue Contributions	1,264	2,057
Other contributions	1,245	55
HCA Grant for New Build	435	196
Total Finance	12,657	21,396

50.Housing Repairs Account

	Balance at 31 March 2015 £'000	2016 £'000
Repairs & Maintenance	13,110	10,318
Total Expenditure	13,110	10,318
Contribution from HRA	(10,719)	(9,526)
Service charges	(891)	(792)
Total Income	(11,610)	(10,318)
Deficit / (Surplus) for the Year	1,500	0
Deficit / (Surplus) brought forward	(1,550)	(50)
Deficit / (Surplus) Carried Forward	(50)	(50)

51.HRA Capital Receipts

In 2015/16, the Council paid £0.746m to the Secretary of State for pooling of capital receipts arising from the disposal of housing assets as required in the Local Government Act 2003 (£0.654m in 2014/15). A notional £799k was also payable under Pooling Payment requirement (£864k in 2014/15); however, under relevant conditions is allowed to be kept as a receipt in advance.

	2014/15 £'000	2015/16 £'000
Sale of Council Houses	3,301	4,049
Council Mortgage Repayments	11	10
Capital receipt retained for new property acquisitions	(864)	(799)
Total	2,448	3,260

52.HRA Cost of Capital Charge

Depreciation is the cost of capital charge on the HRA that pays for the wearing out, using up or other reduction in the remaining life of the asset through use, passage of time or obsolescence. The majority of council dwellings are being depreciated over 70 years.

	2014/15 £'000	2015/16 £'000
Depreciation on dwellings	14,868	16,528
Depreciation on plant & equipment	10	10
Impairment and revaluation losses of dwellings	6,028	7,334
Total	20,906	23,872

The Item 8 credit is credited to the HRA from the General Fund; it is the HRA's share of the interest earned on Council balances through the year. It is calculated by applying the Council's average investment return rate for the year to the average balances attributable to the HRA.

The Item 8 debit is the charge made to the HRA by the general fund for the cost of debt management. This is calculated by applying a consolidated rate of interest to the HRA's average Capital Financing Requirement CFR (the amount of debt the council carries that is attributable to the HRA).

53.HRA Arrears & Provisions for Bad Debt

Arrears of rent and other housing related charges due to the Council at 31st March were:

	2014/15 £'000	2015/16 £'000
Current tenants	1,564	1,564
Former tenants	515	515
Total Arrears	2,079	2,079
Less: provision for bad debts	(2,079)	(2,079)
Total Arrears After Provisions	0	0

Arrears represent 0% of rent income and service charges due to the Council.

ACCOUNTING POLICIES

a) General Principles

The Statement of Accounts summarises the Authority's transactions for this financial year and its position at the year-end of 31 March. The Authority is required to prepare Annual Statement of Accounts by the Accounts and Audit Regulations 2003, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Regulations.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

There are also qualitative aspects to financial information and the areas of relevance, reliability, comparability, how understandable they are and materiality are considered in the accounting treatment of transactions, along with the going concern concept that the authority has prepared its accounts on the assumption that it will continue in operational existence for the foreseeable future.

The figures in the accounts are subject to rounding to thousands (£000's) but should not be rounded excessively, allowing for consistency and balancing between different statements and disclosure notes.

b) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Revenue from the sale of goods is recognised in the period that the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Revenue from the provision of services is recognised in the period when the Authority provides the service and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date that material supplies are received and their consumption, material balances are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts remain unpaid beyond a month, the income is automatically reversed from the Comprehensive Income and Expenditure Statement and a bad debt provision created.

As part of the annual accrual process a requested de minimis level is set for year-end service accruals to reflect materiality thresholds. For cyclical periodic payments, such as utility bills, the accounts aim to reflect a full twelve months in the accounting year, which may not necessarily be April to March, but will reflect 12 months' worth of costs.

c) Acquisitions and Discontinued Operations

The Authority transferred the provision of Leisure services to third parties in 2014/15 but was only a part-year affect from 1st November 2014. Its social care provision is no longer provided in-house but is commissioned from a social enterprise – SEQOL. Its subsidiary company has now mainly been re-integrated back into the Council.

d) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

e) Prior Period Adjustments, Changes in Accounting Policies and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

f) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding PPE during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a

prudent basis determined by the authority in accordance with statutory guidance. This is called the Minimum Revenue Provision (MRP).

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance to MRP, by way of adjusting transactions with the Capital Adjustment Account in the Movement in Reserves Statement.

g) Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages, salaries and paid annual leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. Where the value of untaken leave is calculated as being material, defined as greater than 1% of the gross cost of services, an accrual is made for the estimated cost of holiday entitlements earned by employees but not taken before the year-end. The accrual is made at the wage and salary rates applicable to the period in which the employee earned the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement, as allowed under regulations.

Post-Employment Benefits

Employees of the Authority are members of two separate pension schemes:

The Teachers' Pension Scheme, administered by Teachers' Pensions Agency on behalf of the Department for Education (DfE).

The Local Government Pension Scheme, administered by Wiltshire County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme. The liabilities of the Wiltshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate of 4.5% (based on the indicative rate of return on the iBoxx Sterling Corporates AA over 15 years Index at the IAS19 valuation date with one adjustment – the removal of recently re-rated bonds from the index).

The change in the net pension liability is analysed into seven components:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Net interest on the net defined benefit liability– the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Remeasurement of the net defined benefit liability – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
- Contributions paid to the Wiltshire pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

h) Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

i) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable; and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Guarantees

The Authority views requests for parent company guarantees on a case-by-case basis. It is assessed whether there is any significant risk in the arrangement and the subsequent extent that any provision would be required.

Financial Assets

Financial assets are classified into two types:

Loans and receivables: assets that have fixed or determinable payments but are not quoted in an active market

Available-for-sale assets: assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

j) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until there is reasonable assurance that any conditions attached to the grant or contribution will be satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors or receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Business Improvement Districts

A Business Improvement District (BID) scheme applies across the town centre. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

k) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is classified as intangible assets. The Authority considers intangible assets against materiality of the expenditure incurred. There are currently no identified intangible assets of the Authority.

l) Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services chargeable under the contract during the financial year.

m) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services, production of goods, is a surplus asset held for sale or held for any regeneration or other community benefit.

Investment properties are measured initially at cost and subsequently at fair value, the price that would be received to sell an asset in an orderly transaction between market participants for its highest and best use. Properties are not depreciated but are revalued according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Comprehensive Income and Expenditure statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

n) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present

value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

An operating lease is any lease other than a finance lease. Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and

Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the leased asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of PPE is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

o) Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or availability of service in accordance with the principles of the CIPFA service reporting code of practice (SERCOP). A simplified total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the staff of the service, with the exception of:

Corporate and Democratic Core: costs relating to the Authority's status as a multi-functional, democratic organisation.

Non-Distributed Costs: the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

p) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority has not capitalised borrowing costs incurred whilst assets are under construction during the year.

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at current value. The difference between current value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Valuations are carried out by internal valuers. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

The Authority carries out a rolling programme that ensures that all operational property is revalued at least every five years, with more frequent reviews for market valued assets and assessment of carrying value. The valuers consider the impact of market changes to valuations and will revalue assets annually where evidence suggests carrying value is materially misstated. The de minimis level applied is £10,000. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. All valuations have been carried out by the Council's internal valuers, who are RICS qualified.

Impairment

Assets categories are assessed at each year-end for any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

The Council uses the straight-line method of calculating depreciation on all its PPE, with the exception of non-depreciable land, community assets, investment properties and assets under construction. Straight-line depreciation is the method in which the cost of an asset is split equally over the period of its estimated useful life.

Depreciation is charged in the year of acquisition and disposal.

Due to the Right-to-Buy scheme where the stock is reducing each year, it is more appropriate for the Council to use the average value of the stock to calculate depreciation on Council Dwellings.

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property, 20 years for dwellings, or 20-70 years as estimated by the valuer for other operational assets

- Vehicles, plant, furniture and equipment – generally straight-line over five years (dependent on the assessed expected useful life)
- Infrastructure – straight-line allocation over twenty years.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Components

Each asset on the balance sheet is made up of possible components, some of which may have different life spans to others and which might be accounted for distinctly for depreciation purposes. To enable a structured approach to component accounting the following principles are applied:

To be considered for componentisation an individual asset must:

- Have a carrying value of at least £5m, and
- Have undergone enhancement works over £100k, or
- Have been acquired, or
- Have undergone revaluation, or
- Undergo a change of category classification

A component must:

- Have a cost of at least £2m or,
- Cost at least 20% of the overall asset (whichever is higher) and
- Have a useful life which is at least plus or minus five years from other components/overall asset.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Associated costs of disposal are contained within the net cost of services analysis, as part of apportioned central support costs. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of PPE is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Assets under Construction

These assets are in the process of being built and are not operational for use.

Heritage Assets

The Authority's Heritage Assets are mainly held in the Authority's Museums. The Museums contain a range of artistic, porcelain, locomotive and archaeological collections which are held for local knowledge. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However, the measurement rules are relaxed in relation to heritage assets and for all heritage classified collections values have been taken by reference to insurance valuations.

q) Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the PFI schools, the liability was written down by an initial capital contribution of £10m.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operators each year are analysed into five elements:

Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.

Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).

Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

PFI remains the significant arrangement of this type but similar arrangements would be accounted for along these lines if entered into.

r) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

s) Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant notes.

t) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

u) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

v) Collection Fund / Agency Arrangements

The Collection Fund is a separate account required through statute by billing authorities. It presents the amounts collected as income and the amounts paid out as precepts to precepting authorities (e.g. the Fire Authority). After changes in the accounting guidance, the Council will be recording on an agency basis only the amounts that relate to its own balances. Debtors / Creditors and other balances relating to preceptors are no longer recorded on the Council's balance sheet.

Retained Business Rates, Top-up income and Council Tax included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income. NDR and Council Tax income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council, and the amount of revenue can be measured reliably.

Revenue relating to Council Tax and general rates, is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

w) Interests in Companies and Other Entities

The Authority has interests in companies that are subsidiaries, and require it to prepare group accounts. In the Authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost.

Swindon Borough Council, as sole shareholder and therefore parent organisation of Thamesdown Transport Limited (TTL), Public Power Solutions Ltd (PPSL), and Forward Swindon Limited (FSL) is required to produce group financial statements for the combined entities where the impact on the accounts is material. On that basis Forward Swindon Limited is not included in consolidation.

The accounting policies that the group statements follow are those of the Authority. As an adaption to policy to recognise specific asset types, a new class of asset, namely buses, is disclosed for the group statements, using a ten to fifteen year life basis for depreciation purposes.

No other material policy adjustments are noted.

Accruals and transactions between the group entities have been removed from the group statements using information from the subsidiary and authority records.

As per the Code, consolidation and disclosure notes to the group accounts are only included where material amounts or details over the single entity accounts are witnessed.

Consolidation of Thamesdown Transport Limited and Swindon Commercial Services Limited figures in these statements is by the acquisition method, on a line-by-line basis, using the companies' final accounts as the base detail for consolidation.

The Authority also includes maintained schools within its single entity accounts as per the Code. For such schools their material assets are contained on the balance sheet, and their income and expenditure transferred onto the Council general ledger at end of year for inclusion in the CIES.

Information Relating to Group Accounts

For a variety of legal and regulatory reasons, organisations are often required to conduct their activities through several undertakings, each under the control of the parent company. In such circumstances the financial reports of the parent organisation do not present the full picture by themselves. To understand the full picture, and therefore the full economic benefits and risks, group accounts are required.

The authority has considered its relationship with key partners and although no longer considered material, has produced Group Accounts for consolidation of Thamesdown Transport Ltd (TTL) and Public Power Solutions Ltd (PPSL) only. Forward Swindon, though a wholly owned company, is excluded from consolidation as clearly immaterial.

54. Long Term Investments

Thamesdown Transport Limited (TTL)

Thamesdown Transport Limited is the company that was formed by the former Thamesdown Borough Council as required by the Transport Act 1985. The company's principal activity is the provision of local bus services in the Swindon urban area and surrounding districts. Private hire and contract services are also provided. The accounts and annual report of the company are held at Thamesdown Transport Limited, Barnfield Road, Swindon, Wiltshire, from which the figures below are extracted.

The Council has a 100% Shareholding in Thamesdown Transport Limited which was acquired at a cost of £1.489m. This figure represents the valuation arrived at by using formulae contained in Regulations relevant to the separation of this organisation in October 1986 when the company took over the transport undertaking previously operated by the Council.

The Council (1,488,999 £1 shares) and its Chief Executive (£1 share) are the only shareholders. Should the organisation face financial difficulties in the future, elected Members would state the degree of commitment of the Council and the Council's willingness to meet any accumulated losses would be established at that time.

No dividend was declared payable in 2014/15 or 2015/16.

Public Power Solutions Limited (PPSL)

The Council also wholly owns the PPSL Company at a notional shareholding value of £10. The company was created on 1st January 2010 (as Swindon Commercial Services), however, services providing waste, highways, catering, grounds, cleaning and buildings services reintegrated back to the Council in 2013. The accounts and annual report of the company are held at Public Power Solutions Limited, Waterside, Darby Close, Cheney Manor, Swindon, Wiltshire, from which the figures below are extracted.

Should the organisation face financial difficulties in the future, elected Members would state the degree of commitment of the Council and the Council's willingness to meet any accumulated losses would be established at that time.

Forward Swindon Limited

The Council also incorporated a company on 17 March 2011 to help promote and develop the Swindon area, called Forward Swindon Ltd. This organisation is wholly owned by the Council but due to clear immateriality is not consolidated within the group statements that follow.

	Thamesdown Transport		Public Power Solutions Limited		Forward Swindon	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000
Profit / (Loss) before taxation	(1,912)	(221)	(3,558)	750	(580)	(742)
Tax Adjustment	523	-	331	-	(1)	4
Profit / (Loss) after taxation	(1,389)	(221)	(3,227)	750	(581)	(738)
As at 31 March	2015	2016	2015	2016	2015	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Net Balance Sheet Asset/(Liability)	(4,191)	(4,412)	389	(2,484)	(6)	(690)

The group statements that follow contain the accounts for Swindon Borough Council, Thamesdown Transport Limited and Public Power Solutions Ltd. They have been restated for prior period updates that reflect final closing adjustments to group company balances as at 31/3/15 and for transactions between the parent and subsidiary undertakings. For example, payments by the Council to Thamesdown Transport for bus contract payments are removed, to show lower spend paid out by the parent and lower income received by the subsidiary.

The statements are also adjusted for any accruals made by the organisations. This generally results in debtors and creditors figures reducing.

Disclosure notes are only included within the consolidated group accounts if they are materially different from those disclosed in the single entity accounts.

Group Accounts

55. The Group Comprehensive Income and Expenditure Statement

The Group statements show the balances for the Council and its consolidated wider group organisations.

Note	Restated	2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net Expenditure £000
		6,844	(3,295)	3,549	2,001	(253)	1,748
		11,721	(4,518)	7,203	12,160	(7,327)	4,833
		0	(707)	(707)	0	(1,690)	(1,690)
		23,685	(4,899)	18,786	16,312	(4,885)	11,427
		22,648	(3,546)	19,102	26,403	(8,732)	17,671
		8,592	(7,818)	774	21,257	(7,866)	13,391
		165,076	(122,391)	42,685	164,405	(124,582)	39,823
		42,078	(18,517)	23,561	46,964	(19,180)	27,784
		77,242	(71,371)	5,871	75,706	(69,737)	5,969
		45,296	(49,080)	(3,784)	46,725	(49,585)	(2,860)
		69,267	(16,633)	52,634	119,008	(61,601)	57,407
		7,809	(8,797)	(988)	8,449	(9,451)	(1,002)
		8,910	(3,227)	5,683	0	0	0
		489,168	(314,799)	174,369	539,390	(364,889)	174,501
59				17,323			19,118
60				26,048			17,681
				(190,649)			(157,821)
				27,091			53,479
				(61,760)			(84,330)
				54,663			(34,915)
				(386)			0
				(7,483)			(119,245)
				19,608			(65,766)

56.The Group Movement in Reserves Statement

	Restated 2014/15				2015/16			
	SBC Useable £'000	SBC Unusable £'000	Reserves of Group Entities £'000	GROUP Total £'000	SBC Useable £'000	SBC Unusable £'000	Reserves of Group Entities £'000	GROUP Total £'000
						(386)		
Opening Balance	(145,555)	(223,348)	3,749	(365,154)	(148,123)	(206,723)	8,914	(345,932)
(Surplus) / deficit on provision of services	22,144	0	4,947	27,091	53,977	0	(498)	53,479
Other Comprehensive Income and Expenditure	0	(7,701)	218	(7,483)	0	(119,214)	(31)	(119,245)
Total Comprehensive Income and Expenditure	22,144	(7,701)	5,165	19,608	53,977	(119,214)	(529)	(65,766)
Adjustments between accounting basis & funding basis under regulations	(25,212)	25,212	0	0	(39,384)	39,384	0	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(3,068)	17,511	5,165	19,608	14,593	(79,830)	(529)	(65,766)
Transfers to/from Earmarked Reserves	500	(500)	0	0	0	0	0	0
(Increase)/Decrease in year	(2,568)	17,011	5,165	19,608	14,593	(79,830)	(529)	(65,766)
Balance carried forward	(148,123)	(206,337)	8,914	(345,546)	(133,530)	(286,553)	8,385	(411,698)

57.The Group Statement of Financial Position

Note		Restated 31 March 2015 £000	31 March 2016 £000
62	Property, Plant& Equipment	657,462	670,263
62	Council dwellings	286,935	325,880
	Heritage	40,000	40,000
	Investment property	7,598	14,940
	Intangible Assets	16	13
	Long term investments	1	19,295
	Long Term debtors	1,391	1,293
	Deferred Tax on Group Undertakings	263	263
	Total Non-Current Assets	993,666	1,071,947
	Short term investments	10,761	38,417
	Inventories & Work in Progress	1,300	1,432
	Short term debtors	26,702	26,931
63	Cash & Cash equivalents	22,534	16,417
	Assets held for sale (current)	6,680	745
	Current Assets	67,977	83,942
	Short term borrowing	(18,771)	(14,866)
64	Short term creditors	(39,137)	(51,280)
	Provisions (short term)	(1,435)	(1,544)
	Current Liabilities	(59,343)	(67,690)
65	Long term borrowing	(237,293)	(280,139)
	Long term creditors	(54,396)	(52,896)
	Provisions (long term)	(9,177)	(9,693)
61	Pension Asset/Liability	(330,455)	(307,113)
	Capital Grants receipts in advance	(25,047)	(26,660)
	Non-Current Liabilities	(656,368)	(676,501)
	Net Assets	345,932	411,698
	Usable Reserves	(139,209)	(125,145)
	Unusable Reserves	(206,723)	(286,553)
	Total Reserves	(345,932)	(411,698)

58.The Group Cash flow Statement

	2014/15 £'000	2015/16 £'000
Net cash flows from Operating Activities	39,002	35,416
Investing Activities	(24,530)	(78,355)
Financing Activities	(14,434)	36,822
Net increase or decrease in cash and cash equivalents	38	(6,117)
Cash and cash equivalents at the beginning of the reporting period	22,496	22,534
Cash and cash equivalents at the end of the reporting period	22,534	16,417

59.Group Other Operating Expenditure

	2014/15 SBC £'000	2014/15 TTL £'000	2014/15 PPS £'000	2014/15 Group £'000	2015/16 SBC £'000	2015/16 TTL £'000	2015/16 PPS £'000	2015/16 Group £'000
(Gains)/losses on the disposal of non-current assets	9,035	0	0	9,035	11,130	0	0	11,130
Parish council precepts	1,897	0	0	1,897	1,980	0	0	1,980
Payments to the Government Housing Capital Receipts Pool	1,180	0	0	1,180	1,861	0	0	1,861
Group Taxation & Administration	0	3,795	1,416	5,211	0	2,273	1,874	4,147
Total Other Operating Expenditure	12,112	3,795	1,416	17,323	14,971	2,273	1,874	19,118

60.Group Financing and Investment Income and Expenditure

	2014/15 SBC £'000	2014/15 TTL £'000	2014/15 PPS £'000	2014/15 Group £'000	2015/16 SBC £'000	2015/16 TTL £'000	2015/16 PPS £'000	2015/16 Group £'000
Interest payable and similar charges	16,116	726	399	17,241	16,000	692	475	17,167
Interest receivable and similar income	(1,450)	(137)	(8)	(1,595)	(1,976)	(120)	(59)	(2,155)
Investment income	(1,281)	0	0	(1,281)	(1,367)	0	0	(1,367)
Movement on market value of investment property	6	0	0	6	(7,282)	0	0	(7,282)
(Gains)/losses on assets held for sale	0	0	0	0	705	0	0	705
Internal Trading Services	339	0	0	339	122	0	0	122
Net interest on the net defined benefit liability	11,338	0	0	11,338	10,491	0	0	10,491
Total Financing and Investment Income and Expenditure	25,068	589	391	26,048	16,693	572	416	17,681

61.Group Pension Asset / Liability

	SBC £'000	TTL £'000	2015 Group £'000	SBC £'000	TTL £'000	2016 Group £'000
Fair Value of Employer Assets	(245,116)	3,039	(242,077)	(308,632)	3,419	(305,213)
Present Value of Liabilities	(19,647)	(3,844)	(23,491)	(20,507)	(4,735)	(25,242)
Opening Position 1 April	(264,763)	(805)	(265,568)	(329,139)	(1,316)	(330,455)
Current Service Cost	(15,478)	0	(15,478)	(20,162)	0	(20,162)
Past Service (Costs) / Gains	(155)	0	(155)	(192)	0	(192)
Effect of Settlements	862	0	862	1,969	0	1,969
Total Service Cost	(14,771)	0	(14,771)	(18,385)	0	(18,385)
Interest Income on plan assets	19,658	135	19,793	16,516	113	16,629
Interest cost on obligation	(30,996)	(167)	(31,163)	(27,007)	(154)	(27,161)
Total Net Interest	(11,338)	(32)	(11,370)	(10,491)	(41)	(10,532)
Total Cost Recognised in Profit/(Loss)	(26,109)	(32)	(26,141)	(28,876)	(41)	(28,917)
Plan participant contributions	0	0	0	0	0	0
Employer contributions	14,547	125	14,672	16,061	128	16,189
Contributions for Unfunded Benefits	1,245	0	1,245	1,242	0	1,242
Expected Closing Position	(275,080)	(712)	(275,792)	(340,712)	(1,229)	(341,941)
Change in demographic assumptions	0	(4)	(4)	0	43	43
Change in financial assumptions	(107,443)	(804)	(108,247)	75,107	226	75,333
Other experience	6,398	204	6,602	11,419	(238)	11,181
Return on assets excluding interest	46,986	0	46,986	(51,642)	0	(51,642)
Total Re-measurements in Other Income	(54,059)	(604)	(54,663)	34,884	31	34,915
Effect of business combinations	0	0	0	(87)	0	(87)
Sub-Total	(329,139)	(1,316)	(330,455)	(305,915)	(1,198)	(307,113)
Fair Value of Employer Assets	522,981	3,419	526,400	482,436	3,332	485,768
Present Value of Funded Liabilities	(831,613)	(4,735)	(836,348)	(769,786)	(4,530)	(774,316)
Present Value of Unfunded Liabilities	(20,507)	0	(20,507)	(18,565)	0	(18,565)
Closing Position 31 March	(329,139)	(1,316)	(330,455)	(305,915)	(1,198)	(307,113)

62.Group Property, Plant & Equipment

2015/16		SBC Dwellings £'000	SBC £'000	TTL £'000	PPS £'000	Total PPE £'000
Cost or Valuation	Opening Group adjustment	(140)	252	(1)	(178)	(67)
At 1 April 2015		305,450	786,847	10,126	9,328	1,111,751
Additions		17,261	35,907	192	338	53,698
Revaluation increases / (decreases) recognised in the Revaluation Reserve		49,749	14,034	-	-	63,783
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services		(7,334)	(29,036)	-	-	(36,370)
Derecognition – disposals		(12,637)	(2,894)	(23)	-	(15,554)
Other movements in cost or valuation		5	(65)	-	-	(60)
At 31 March 2016		352,494	804,793	10,295	9,666	1,177,248
Accumulated Depreciation and Impairment	Opening Group adjustment	0	274	1	154	429
At 1 April 2015		(18,515)	(101,860)	(5,623)	(1,356)	(127,354)
Depreciation charge		(16,528)	(23,703)	(708)	(1,250)	(42,189)
Depreciation written out to the Revaluation Reserve		7,908	12,639	-	-	20,547
Depreciation written to/from the CIES		0	6,692	-	-	6,692
Depreciation written to/from the CIES - Reclassifications		0	482	-	-	482
Derecognition – disposals		521	187	9	-	717
Derecognition – other		-	-	-	-	0
At 31 March 2016		(26,614)	(105,563)	(6,322)	(2,606)	(141,105)
Net Book Value						
At 1 April 2015		286,935	684,987	4,503	7,972	984,397
At 31 March 2016		325,880	699,230	3,973	7,060	1,036,143

2014/15	SBC Dwellings	SBC	TTL	PPS	Total PPE
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2014	281,828	721,725	15,924	8,020	1,027,497
Additions	11,265	39,472	1,033	1,486	53,256
Revaluation increases / (decreases) recognised in the Revaluation Reserve	25,820	7,284	-	-	33,104
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,028)	(21,528)	(14)	-	(27,570)
Derecognition – disposals	(7,295)	(6,183)	(6,816)	-	(20,294)
Other movements in cost or valuation	-	45,825	-	-	45,825
At 31 March 2015	305,590	786,595	10,127	9,506	1,111,818
Accumulated Depreciation and Impairment				12	12
At 1 April 2014	(16,227)	(102,142)	(7,519)	(387)	(126,275)
Depreciation charge	(14,868)	(22,224)	(925)	(1,123)	(39,140)
Depreciation written out to the Revaluation Reserve	12,514	15,710	-	-	28,224
Depreciation written to/from the CIES	-	6,257	-	-	6,257
Derecognition – disposals	66	265	2,820	-	3,151
Derecognition – other	-	-	-	-	-
At 31 March 2015	(18,515)	(102,134)	(5,624)	(1,510)	(127,783)
Net Book Value					
At 1 April 2014	265,601	619,583	8,405	7,633	901,222
At 31 March 2015	287,075	684,461	4,503	7,996	984,035

63.Group Cash & Cash Equivalents

	Balance at 31 March	2015	2016
		£000	£000
Swindon Borough Council		18,939	13,526
Thamesdown Transport Limited		2,304	1,379
Public Power Solutions Limited		1,291	1,512
Group Total		22,534	16,417

64.Group Short term Creditors

	Balance at 31 March	2015	2016
		£000	£000
Swindon Borough Council		(35,566)	(45,079)
Thamesdown Transport Limited		(1,050)	(679)
Public Power Solutions Limited		(2,521)	(5,522)
Group Total		(39,137)	(51,280)

65.Group Long term borrowing

	Balance at 31 March	2015	2016
		£000	£000
Swindon Borough Council		(235,757)	(279,256)
Thamesdown Transport Limited		(1,536)	(883)
Public Power Solutions Limited		0	0
Group Total		(237,293)	(280,139)

66.Group Cashflow Investing Activities

	Balance at 31 March	2015	2016
		£000	£000
Purchase of property, plant and equipment, investment property and intangible assets		(57,218)	(54,403)
Purchase of short-term and long-term investments		(56,804)	(97,287)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets		6,589	9,716
Proceeds from short-term and long-term investments		85,002	50,890
Other payments / receipts from investing activities		(2,099)	12,870
Group Total		(24,530)	(78,214)

Annual Governance Statement 2015/16

To follow after approval.

Independent Auditors Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWINDON BOROUGH COUNCIL

To follow after audit.

If you require Council Information in another format, please contact
Customer Services on 01793 445500